Prospectus of Al-Dawaa Medical Services Company

شركة الدواء للخدمات الطبية
AL-DAWAA MEDICAL SERVICES CO.

A Saudi closed joint stock company incorporated pursuant to the Ministry of Commerce Resolution No. 361 dated 10/27/1442H (corresponding to 06/08/2021G) and registered in Khobar under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/08/2001G)

Offering of twenty-five million five hundred thousand (25,500,000) ordinary shares, representing 30% of the Company's capital, for public subscription, at an Offer Price of seventy three Saudi Riyals (SAR (73)) per share

Offering Period: Three (3) business days commencing on Sunday 07/26/1443H (corresponding to 02/27/2022G) and ending on Tuesday 07/28/1443H (corresponding to 03/01/2022G)

Al-Dawaa Medical Services Company (the "**Company**" or the "**Issuer**") is a Saudi closed joint stock company converted from a limited liability company to a closed joint stock company pursuant to the Ministry of Commerce Resolution No. 361 dated 10/27/1442H (corresponding to 06/08/2021G) and registered under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/08/2001G) issued in Khobar, Kingdom of Saudi Arabia (the "**Kingdom**" or "**Saudi Arabia**"). The Company's registered address is P.O. Box 4326, Khobar, 31952, Saudi Arabia.

The Company was established in 01/16/1412H (corresponding to 07/28/1991G) as a sole proprietorship in the name of "**Mohammed Saad Al Faraj Commercial Services Est.**", registered in Khobar under Commercial Registration No. 2051014940 dated 01/16/1412H (corresponding to 07/28/1991G). One of its branches called "**Al-Dawaa Pharmacies,**" the first branch of which was opened in 1993G, was converted to a limited liability company in 2001G, with a fullypaid capital of two million Saudi Riyals (SAR 2,000,000), divided into two thousand (2,000) shares, with a fully paid nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and it was registered in Khobar under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/08/2001G). On 10/27/1442H (corresponding to 06/08/2021G), the Company was converted from a limited liability company to a closed joint stock company in the name of "**Al-Dawaa Medical Services Company**", with a capital of eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. Since incorporation, the Company's capital has been increased several times. The capital was first increased by virtue of the partners' resolution dated 04/15/1427H (corresponding to 05/13/2006G) from two million Saudi Riyals (SAR 2,000,000) to ten million Saudi Riyals (SAR 10,000,000), divided into ten thousand (10,000) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of eight million Saudi Riyals (SAR 8,000,000) was covered by transferring such amount from the partners' current accounts. On 10/14/1442H (corresponding to 5/26/2021G), the Company's capital was increased from ten million Saudi Riyals (SAR 10,000,000) to eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of eight hundred forty million Saudi Riyals (SAR 840,000,000) was covered by 1) transferring an amount of seven hundred eighty-eight million five hundred thousand Saudi Riyals (SAR 788,500,000) from the retained earnings account; and 2) transferring an amount of fifty-one million five hundred thousand Saudi Riyals (SAR 51,500,000) from the account of the proposed capital increase. (For further details about the Company's history, see Section 4-1-2 "**Corporate History and Evolution of Capital**" of this Prospectus).

As at the date of this Prospectus, the Company's capital amounts to eight hundred fifty million Saudi Riyals (SAR 850,000,000) fully paid, divided into eighty-five million (85,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share (collectively the "**Shares**").

The initial public offering (the "**Offering**") consists of twenty-five million five hundred thousand (25,500,000) ordinary shares (collectively, the "**Offer Shares**" and each an "**Offer Share**") at an Offer Price of seventy three Saudi Riyals (SAR 73) per share ("**Offer Price**"), with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The Offer Shares represent 30% of the Company's capital.

The Offering shall be restricted to the following two groups of investors ("**Investors**"):

Tranche A – Participating Parties: This tranche comprises the parties entitled to participate in the book building process as specified under the Instructions on Book Building and Allocation of Shares in Initial Public Offerings (the "**Book Building Instructions**") issued by the Capital Market Authority ("**CMA**") Board pursuant to Resolution No. 2-94-2016 dated 10/15/1437H (corresponding to 07/20/2016G), as amended by CMA's Board Resolution No. 3-102-2019 dated 01/18/1441H (corresponding to 9/17/2019G) (collectively the "**Participating Parties**" and each individually a "**Participating Party**") (for further details, see Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of Offer Shares to be initially allocated to the Participating Parties is twenty-five million five hundred thousand (25,500,000) Offer Shares, representing 100% of the total Offer Shares. Final allocation of the Offer Shares will be made after the end of subscription by Retail Investors. In the event that Retail Investors (as defined in Tranche B below) subscribe for the whole Offer Shares allocated thereto, the Bookrunner (See Section 1 "**Definitions and Abbreviations**" of this Prospectus), in consultation with the Company and the Selling Shareholders, shall have the right to reduce the number of shares allocated to the Participating Parties to at least twenty-two million nine hundred fifty thousand (22,950,000) Offer Shares, representing 90% of the total Offer Shares, using the discretionary allocation mechanism.

Tranche B – Retail Investors: This tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is a resident in the Kingdom, or any GCC national, in each case who has a bank account, and is allowed to open an investment account, with one of the Receiving Entities (collectively, the "**Retail Investors**" and each individually a "**Retail Investor,**" and together with Participating Parties, the "**Subscribers**"). Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of two million five hundred fifty thousand (2,550,000) Offer Shares, representing 10% of the total Offer Shares, will be allocated to Retail Investors, provided that the Participating Parties subscribe for all the Offer Shares allocated to them. If the Retail Investors have not subscribed for all the shares allocated to them, the Bookrunner may reduce the number of shares allotted to them in proportion to the number of shares that they had subscribed for.

Prior to the Offering, Mawarid Holding Company, HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz, Mohammed Saad Butti Al-Farraj Al-Subaie, Abdullah Saad Butti Al-Farraj Al-Subaie, Waleed Mohammad Abdullah Al-Jaafari, Hessah Saad Butti Al-Farraj Al-Subaie, Nouf Saad Butti Al-Farraj Al-Subaie, Sultan Mahdi Shalash Al-Anazi, and Ali Salem Abood Al-Qufail ("**Selling Shareholders**") held all of the Company's Shares. The Offer Shares will be sold by the Selling Shareholders in accordance with Table 5-1 "**Ownership Structure of the Company Pre-and Post the Offering**" of this Prospectus. Upon completion of the Offering, the Selling Shareholders will collectively own approximately seventy percent (70%) of the Company Shares and will consequently retain a controlling interest. The Offering proceeds, less the Offering expenses, ("**Net Proceeds**") will be distributed to the Selling Shareholders, prorated to the percentage owned by each Shareholder in the Offer Shares. The Company will not receive any part of the Net Proceeds (for further details, see Section 8 "**Use of Offering Proceeds**" of this Prospectus). The Offering is fully underwritten by the Underwriters (for further details about the underwriting, see Section 13 "**Underwriting**" of this Prospectus). Substantial Shareholders, who own 5% or more of the Company's shares as at the date of this Prospectus ("**Substantial Shareholder**"), may not dispose of their shares for a period of 6 months ("**Lockup Period**") as of the date trading starts on the Saudi Exchange ("**Tadawul**" or the "**Exchange**"), as set out on page (xii) of this Prospectus. Substantial Shareholders include Mawarid Holding Company, HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, and Abdullah Saad Butti Al-Farraj AlSubaie. Their ownership percentages in the Company's capital are set out in Table 1-2 "**Substantial Shareholders, Number of Their Shares, and Their Ownership Percentages Pre-and Post-Offering.**"

The Offering Period will commence on Sunday 07/26/1443H (corresponding to 02/27/2022G), and remain for a period of Three (3) days up to and including the closing day on Tuesday 07/28/1443H (corresponding to 03/01/2022G) ("**Offering Period**"). Subscription to the Offer Shares by the Retail Investors can be made during the Offering Period through any of their branches or through the internet, telephone banking or ATMs of the Receiving Entities listed on page (vii) (the "**Receiving Entities**") providing all or some of these services to their customers (for further details, see Section 17-3-2 "**Subscription by Retail Investors**" of this Prospectus). Participating Parties can bid for the Offer Shares through the Bookrunner during the book building process taking place prior to offering of the shares to Retail Investors (for further details, see Section 17-3-1 "**Book-Building for Participating Parties**" of this Prospectus.)

Each of the Retail Investors who subscribe for the Offer Shares must apply for no less than ten (10) Offer Shares and no more than two hundred and fifty thousand (250,000) Shares. The minimum allocation per Retail Investor is ten (10) Shares, and the balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Retail Investor. In the event that the number of Retail Investors exceeds two hundred fifty-five thousand (255,000) Retail Investors, the minimum allocation cannot be guaranteed by the Company and the allocation shall be made as per the instructions of the Company and the Bookrunner. Excess subscription monies (if any) will be refunded to the Subscribers without any charge or withholding by the related Receiving Entities. Announcement of the final allocation and notification of refund of excess subscription monies, if any, will be made no later than 08/06/1443H (corresponding to 03/09/2022G) (for further details, see Section "**Key Dates and Subscription Procedures**" on page (xiv) and Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

The Company has one class of ordinary shares. None of the shares carries any preferential voting rights. Each share entitles its holder to one vote and each Shareholder (collectively the "**Shareholders,**" and each a "**Shareholder**") has the right to attend and vote at the meetings of Shareholders' General Assembly (the "**General Assembly**"). The Offer Shares will be entitled to receive dividends declared by the Company as of the date of this Prospectus (the "**Prospectus**") and subsequent financial years (for further details about Dividend Distribution Policy, see Section 7 "**Dividend Distribution Policy**" of this Prospectus).

Prior to the Offering, there has been no public market for the Shares in the Kingdom or elsewhere. The Company has submitted an application to CMA for the registration and offer of the shares, and application to the Exchange for listing of such shares. All requirements have been met; all required documents have been submitted to the relevant authorities, and all approvals pertaining to the Offering have been obtained, including this Prospectus. Trading of the shares on the Exchange is expected to commence upon completion of final allocation, with all relevant regulatory requirements being met (see Section "**Key Dates and Subscription Procedures**" on page (xiv) of this Prospectus). Following the start of trading on the Exchange, Saudi nationals, non-Saudi nationals holding valid residency permits in Saudi Arabia, Saudi and Gulf companies, banks, and mutual funds as well as GCC nationals will be permitted to trade in the Offer Shares. Moreover, a Qualified Foreign Investor (a "**QFI**") will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Shares (all as defined in Section 1 "**Definitions and Abbreviations**" of this Prospectus). Non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom (collectively the "**Foreign Investors**" and each a "**Foreign Investor**") are also entitled to acquire economic benefits in the Shares listed on the Exchange by entering into Swap Agreements with institutions authorized by the CMA ("**Capital Market Institutions**") to acquire and trade in shares on the Exchange on behalf of Foreign Investors. Under such swap agreements, Authorized Persons will be the registered legal owner of such Shares.

Investment in the Shares involves certain risks and uncertainties. Persons willing to subscribe for the Offer Shares must read and consider Section "**Important Notice**" on page (i) and Section 2 "**Risk Factors**" in this Prospectus prior to making a decision to invest in the Offer Shares.

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the CMA and the application for listing of securities in compliance with the Listing Rules of Tadawul. The Directors, whose names appear on Page (iii), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading. CMA and the Exchange take no responsibility for the contents of this Prospectus, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document.

This Prospectus is dated 05/18/1443H (corresponding to 12/22/2021G)

Financial Advisor, Bookrunner, Lead Manager and Lead Underwriter

GIB Capital

Underwriters

anb invest | alinma investment

Receiving Entities

SNB | alrajhi bank | SABB | riyad bank

دمسكو
DMSCO

شركة الدواء للخدمات الطبية
AL-DAWAA MEDICAL SERVICES CO.

Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, Participating Parties and Retail Investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available on the websites of the Company (www.al-dawaa.com), CMA (www.cma.org.sa), or the Financial Advisor, Bookrunner, Lead Manager and Lead Underwriter (www.gibcapital.com).

The Company has appointed GIB Capital as the Financial Advisor ("**Financial Advisor**"), the Lead Manager ("**Lead Manager**"), the Bookrunner ("**Bookrunner**") and the Lead Underwriter ("**Lead Underwriter**") with respect to the Offering described in this Prospectus. In addition, the Company has appointed Alinma Investment Company and ANB Invest as Joint Underwriters in relation to the Offering ("**Underwriters**").

This Prospectus includes information that has been presented in accordance with the Rules on the Offer of Securities and Continuing Obligations issued by the CMA. The Directors, whose names appear on page (iii), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Whilst the Company has made all reasonable studies and inquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of information hereof regarding the market and industry, where the Company operates, have been derived from external sources. While neither the Company nor any of the Directors, Selling Shareholders, or Advisors, whose names appear on pages (V) and (vi) of this Prospectus, has any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus on the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments in inflation, interest rates, taxation or other economic, political and other factors, over which the Company has no control (see Section 2 "**Risk Factors**" of this Prospectus). Neither this Prospectus nor any verbal, written or printed communications in connection with the Offer Shares shall be considered, relied upon in any way, or construed as a promise, confirmation or representation regarding future earnings, results, or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Selling Shareholders, or the Advisors to subscribe for the Offer Shares. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and for considering the appropriateness of the investment and the information contained herein with regard to the recipient's individual objectives, financial situations and needs. An investment in the Offer Shares may be appropriate for some investors but not others. Prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

Subscribing for the Offer Shares shall be limited to two tranches of investors as follows:

Tranche A – Participating Parties: This tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (for further details, see Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Tranche B – Retail Investors: This tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or any GCC national, in each case who has a bank account, and is allowed to open an investment account, with one of the Receiving Entities. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for the Participating Entities, taking into account the applicable laws and instructions. The Company, the Selling Shareholders, the Financial Advisor ask the recipients of the Prospectus to observe any regulatory restrictions on the offering and sale of Offer Shares.

Market and Industry Information

The information and data in Section 3 "**Market Overview**" of this Prospectus, relating to the market and the Industry in which the Company operates, were obtained from the market study report prepared on 11/17/1442H (corresponding to 06/27/2021G) by the Market Consultant, Frost & Sullivan ("**Market Consultant**").

Frost & Sullivan is an independent firm providing strategic market research services. Frost & Sullivan was founded in 1961, headquartered in San Antonio, Texas, United States of America (for further details on the Market Consultant, please visit its website (www.frost.com).

Directors believe that the information and data hereof obtained from other sources, including the market study report prepared by the Market Consultant, are reliable. However, this information has not been independently verified by the Company, its Directors, Advisors (except for the Market Consultant) or the Selling Shareholders, and therefore they cannot provide any representation or assurance regarding its accuracy, validity or completeness.

Neither the Market Consultant, nor any of its shareholders, directors or their relatives holds any shareholding or any interest of any kind in the Company or any of its Subsidiaries. The Market Consultant has provided and not withdrawn its written consent to the use of the information supplied by it to the Company in the manner and form set out in this Prospectus.

Financial Information

The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G and the unaudited interim condensed financial statements for the period ended June 30, 2021G, together with notes thereto, have been prepared in accordance with International Accounting Standards (IFRS). The Company's consolidated financial statements for the financial years ended December 31, 2018G, 2019G and 2020G have been audited by Ernst & Young & Co (Public Accountants) ("**Auditor**"). These financial statements have been included in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

Some financial and statistical information contained in this Prospectus have been rounded off to the nearest integer; therefore, if figures contained in the tables have been collected, its total may not match with what has been mentioned in the Prospectus.

Forecasts and Forward-looking Statements

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

Certain statements in this Prospectus constitute, or may be deemed to constitute, "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "**plans**", "**determines**", "**intends**", "**estimates**", "**expect**", "**is expected**", "**may**", "**possibly**", "**will**", "**would be**" or the negative thereof or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (See Section 2 "**Risk Factors**" of this Prospectus). Should one or more of these factors materialize, or any forecasts or assumptions prove to be incorrect or inaccurate, actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary prospectus if, at any time after the date of publication of this Prospectus and prior to completion of the Offering, the Company becomes aware that: a) there has been a significant change in material matters mentioned in this Prospectus, or b) any significant issues have arisen that should have been included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned, other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Definitions and Abbreviations

For an explanation of certain terms and abbreviation included in this Prospectus, see Section 1 "**Definitions and Abbreviations**" of this Prospectus.

Corporate Directory

Directors

Table (1-1): The Company's Board of Directors

No.	Name	Position	Nationality	Age	Status	Direct Ownership (%)		Indirect Ownership (%)		Date of Appointment*
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Samir Mahmood Fayyad Abdulhadi	Chairman	Saudi	71 years	Non-executive/ non-independent	N/A	N/A	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)
2	Ibrahim Salem Muhammad Al-Rowais	Vice Chairman	Saudi	61 years	Non-executive/ independent	N/A	N/A	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)
3	Waleed Mohammad Abdullah Al-Jaafari	Director and Managing Director	Saudi	61 years	Executive/ non-independent	2.5%	1.25%	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)
4	Mohammed Saad Butti Al-Farraj Al-Subaie	Director and Chief Executive Officer	Saudi	51 years	Executive/ non-independent	9.2495%	8%	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)
5	Hassan Abdullah Drr Al-Somali	Director	Saudi	64 years	Non-executive/ independent	N/A	N/A	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)
6	Hamad Mohammed Mubarak Al-Huthaili	Director	Saudi	65 years	Non-executive/ non-independent	N/A	N/A	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)

* Dates listed in this table are the dates of appointment of Directors to the current session. The biographies of the Directors state the dates on which the Directors were appointed to the Board or any other position (for further details, see Section 5-3-7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus).

Source: The Company

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

Company's Address	
Al-Dawaa Medical Services Company Prince Naif Street, 23rd Intersection P.O. Box 4326 Khobar 31952 Kingdom of Saudi Arabia Tel: +966 13 8677776 Fax: +966 13 8670201 Website: www.al-dawaa.com Email: info@al-dawaa.com	
Company's Representatives	
Mohammed Saad Butti Al-Farraj Al-Subaie Director and Chief Executive Officer P.O. Box 4326 Kingdom of Saudi Arabia Tel: +966 13 8677776 Fax: +966 13 8677676 Website: www.al-dawaa.com.sa Email: mohammed@al-dawaa.com.sa	**Ibrahim Salem Muhammad Al-Rowais** Vice Chairman P.O. Box 54032 Kingdom of Saudi Arabia Tel: +966 13 8677772 Fax: +966 13 8670201 Website: www.al-dawaa.com.sa Email: is.alrowais@gmail.com
Secretary	
Mahmoud Marzouk Taha Hassan P.O. Box 4326, Khobar 31952 Kingdom of Saudi Arabia Tel: +966 13 8677776 Fax: +966 13 8670201 Website: www.al-dawaa.com.sa Email: mahmoud.tantawy@al-dawaa.com.sa	
The Exchange	
Saudi Exchange (Tadawul) Tawuniya Towers, Northern Tower King Fahad Road - Al Olaya 6897 Unit No. 15 Riyadh 12211- 3388 Kingdom of Saudi Arabia Tel: +966 (11) 92000 1919 Fax: +966 (11) 218 9133 Website: www.saudiexchange.sa Email: csc@saudiexchange.sa	
Depository Center	
Securities Depository Center Company (Edaa) King Fahad Road - Al Olaya 6897 Unit No. 11 Riyadh 12211–3388 Kingdom of Saudi Arabia Tel: +966 92002 6000 Website: www.edaa.com.sa Email: cc@edaa.com.sa	

Advisors

Financial Advisor, Bookrunner, Lead Manager and Lead Underwriter
GIB Capital Granada Business Park, Building 1, 4th Floor Eastern Ring Road P.O. Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Tel: +966 11 8348000 Fax: +966 11 5112201 Website: www.gibcapital.com Email: customercare@gibcapital.com

Underwriters
Alinma Investment Company Al Anoud Tower 2 King Fahad Road P.O. Box 55560, Riyadh 11544 Kingdom of Saudi Arabia Tel: +966 11 2185555 Fax: +966 11 2185970 Website: www.alinmainvestment.com Email: info@alinmainvest.com
ANB Invest King Faisal Street - ANB Invest Building Murabbaa District, Behind ANB Head Office P.O. Box 220009, Riyadh 11311 Kingdom of Saudi Arabia Tel: +966 11 4062500 Fax: +966 11 4062548 Website: www.anbinvest.com.sa Email: equity.cm@anbinvest.com.sa

Legal Advisor to the Company
Law Office of Salman M. Al-Sudairi King Fahad Road Tatweer Towers, Tower 1, 7th Floor P.O. Box 17411, Riyadh 11484 Kingdom of Saudi Arabia Tel: +966 11 2072500 Fax: +966 11 2072577 Website: www.alsudairilaw.com.sa Email: info@alsudairilaw.com.sa

Financial Due Diligence Advisor	
KPMG Professional Services Riyadh Front, Airport Road P.O Box 92876, Riyadh 11663 Kingdom of Saudi Arabia Tel: +966 11 874 8500 Fax: +966 11 874 8600 Website: www.kpmg.com.sa Email: marketingsa@kpmg.com	
Auditor	
Ernst & Young & Co. (Public Accountants) Adeer Tower, 15thFloor Prince Turki Bin Abdulaziz Street, Khobar Corniche P.O. Box 3795, Khobar 31952 Kingdom of Saudi Arabia Head Office: Al Faisaliah Tower, 14th Floor King Fahad Road P.O. Box 2732, Riyadh 11461 Kingdom of Saudi Arabia Tel: +966 11 215 9898 Fax: +966 11 273 4730 Website: www.ey.com/mena Email: riyadh@sa.ey.com	
Market Consultant	
Frost & Sullivan Localizer Mall, Office F16, 1thFloor Prince Muhammad Bin Abdulaziz Rd, Al Olaya 2803 P.O. Box 86334, Riyadh 12222 Kingdom of Saudi Arabia Tel: +966 11 4868463 Fax: +966 11 4868465 Website: www.frost.com Email: corp.ksa@frost.com	

Note:

The above Advisors have given and not withdrawn their written consent to the publication of their names, addresses and logos in the Prospectus and the publication of their statements in the form and content appearing herein. Moreover, they do not themselves, or their employees (forming part of the engagement team serving the Company), or any of their relatives have any shareholding or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

Receiving Entities

Saudi National Bank King Abdul Aziz Road P.O. Box 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel: +966 920001000 Fax: +966 12 6464466 Website: www.alahli.com Email: contactus@alahli.com	
Al Rajhi Bank Olaya Road P.O. Box 28, Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 11 2116000 Fax: +966 11 4600705 Website: www.alrajhibank.com.sa Email: contactcentre1@alrajhibank.com.sa	
Saudi British Bank (SABB) Prince Abdulaziz Ibn Musaid Ibn Jalawi Street – AlMurabbaa P.O. Box 9084 Riyadh 11413 Kingdom of Saudi Arabia Tel: +966 (11) 440 8440 Fax: +966 (11) 276 3414 Website: www.sabb.com Email: sabb@sabb.com	
Riyad Bank Eastern Ring Road P.O. Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 (11) 401 3030 Fax: +966 (11) 403 0016 Website: www.riyadbank.com Email: customercare@riyadbank.com	

Summary of the Offering

This Offering summary is intended to provide a brief overview of the information contained in this Prospectus in detail; however, this summary does not include all information, which may be important to prospective investors and must be taken into consideration before deciding to invest in the Offer Shares. Therefore, those willing to subscribe for the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, Section "**Important Notice**" on page (i) and Section 2 "**Risk Factors**" of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

Company Name, Description and Incorporation	Al-Dawaa Medical Services Company is a Saudi closed joint stock company converted pursuant to the Ministerial Resolution No. 361 dated 10/27/1442H (corresponding to 06/08/2021G) and registered under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/08/2001G) issued in Khobar, the Kingdom. The Company's registered address is P.O. 4326, Khobar, 31952, the Kingdom. The Company was established on 01/16/1412H. (corresponding to 07/28/1991G) as a sole proprietorship in the name of "Mohammed Saad Al Faraj Commercial Services Est.", registered in Khobar under Commercial Registration No. 2051014940 dated 01/16/1412H (corresponding to 07/28/1991G). One of its branches called "Al-Dawaa Pharmacies", the first branch of which was opened in 1993G, was converted to a limited liability company in 2001G, with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two thousand (2,000) shares, with a fully paid nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and it was registered in Khobar under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/08/2001G). On 10/27/1442H (corresponding to 06/08/2021G), the Company was converted from a limited liability company to a closed joint stock company in the name of "AlDawaa Medical Services Company", with a capital of eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. Since its incorporation, the Company's capital has been increased several times. The capital was first increased by virtue of the partners' resolution dated 04/15/1427H (corresponding to 05/13/2006G) from two million Saudi Riyals (SAR 2,000,000) to ten million Saudi Riyals (SAR 10,000,000), divided into ten thousand (10,000) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of eight million Saudi Riyals (SAR 8,000,000) was covered by transferring such amount from the partners' current accounts. On 10/14/1442H (corresponding to 05/26/2021G), the Company's capital was increased from ten million Saudi Riyals (SAR 10,000,000) to eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of eight hundred forty million Saudi Riyals (SAR 840,000,000) was covered by 1) transferring an amount of seven hundred eighty-eight million five hundred thousand Saudi Riyals (SAR 788,500,000) from the retained earnings account; and 2) transferring an amount of fiftyone million five hundred thousand Saudi Riyals (SAR 51,500,000) from the account of the proposed capital increase. (For further details about the Company's history, see Section 4-1-2 "**Corporate History and Evolution of Capital**" of this Prospectus).

Company Activities	In accordance with the Company's Bylaws and Commercial Registration, the Company's activities comprise the following: 1. Real estate activities: Real estate activities with own or leased property. 2. Professional, scientific and technical activities: • Management consultancy activities. • Advertising. 3. Construction: Other construction installations. 4. Education: Other types of education not classified elsewhere. 5. Administrative and support services: Packaging activities. 6. Manufacturing: • Manufacture of pharmaceutical materials, chemical, and plant-based pharmaceutical products. • Manufacture of radioactive equipment, and medical electric devices. • Manufacture of medical and dentistry tools and equipment. • Repair of electronic and optical equipment. 7. Transportation and storage: • Freight transport by road. • Storage. • Cargo Handling. • Other transportation support activities. • Courier activities not operating under a universal service obligation. 8. Wholesale and retail trade; repair of motor vehicles and motorcycles: • Wholesale for a fee or on a contract basis. • Wholesale of other household goods. • Wholesale of computers, computer peripheral equipment, and software. • Other retail sale in non-specialized stores. • Retail sale of pharmaceutical, medical goods, cosmetic, and toilet articles in specialized stores. • Retail sale via mail order houses or via Internet. The Company's activities pursuant to its commercial registration certificate include: 1. Agents involved in the sale of medicines. 2. Wholesale of pharmaceutical products. 3. Trade of special and healthy food. 4. Pharmacies activities. 5. Drug warehouses activities. 6. Retail sale of medical equipment, tools and supplies. 7. Delivery, items delivery and parcels pot activities. 8. Provision of marketing services on behalf of others.
Subsidiaries	The Company holds five (5) subsidiaries, including: • Al-Dawaa Medical Services FZ, LLC, a limited liability company established and existing in the United Arab Emirates ("**UAE**"), registered under Commercial Registration No. 55 dated 08/24/1426H (corresponding to 09/28/2005G) with a capital of one hundred thousand UAE dirhams (AED 100,000) ("**Al-Dawaa Medical Services Company – Dubai**"). • Höllinz GmbH, a limited liability company established and existing in Germany, registered under Commercial Registration No. 218668 dated 08/04/1436H (corresponding to 05/22/2015G) with a capital of twenty-five thousand euros (EUR 25,000) ("**Höllinz**"). • Rönzac GmbH, a limited liability company established and existing in Germany, registered under Commercial Registration No. 218674 dated 08/04/1436H (corresponding to 05/22/2015G) with a capital of twenty-five thousand euros (EUR 25,000) ("**Rönzac**"). • Glanzzen FZ, LLC, a limited liability company established and existing in the UAE, registered under Commercial Registration No. 1188 dated 01/25/1442H (corresponding to 09/13/2020G) with a capital of one hundred thousand UAE dirhams (AED 100,000) ("**Glanzzen**"). • Premier Medical Devices Manufacturing, a one-person limited liability, established and existing in the Kingdom, registered under Commercial Registration No. 1126106621 dated 07/20/1442H (corresponding to 03/04/2021G), with a capital of five hundred thousand Saudi Riyals (SAR 500,000) ("**Premier Medical Devices**").

Substantial Shareholders

Substantial Shareholders of the Company, each of whom directly owns 5% or more of the Company's shares, include Mawarid Holding Company, HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, and Abdullah Saad Butti Al-Farraj Al-Subaie. The following table shows the number of shares of the Substantial Shareholders and their ownership percentages in the Company pre-and post-Offering:

Table (1-2): Substantial Shareholders, Number of Their Shares, and Their Ownership Percentages Pre-and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Percentage	Nominal Value (SAR)	Number of Shares	Percentage	Nominal Value (SAR)
Mawarid Holding Company	42,499,575	49.9995%	424,995,750	29,749,703	34.99965%	297,497,030
HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	20,400,000	24%	204,000,000	11,687,203	13.74965%	116,872,030
Mohammed Saad Butti Al-Farraj Al-Subaie	7,862,075	9.2495%	78,620,750	6,800,00	8%	68,000,000
Abdullah Saad Butti Al-Farraj Al-Subaie	7,862,500	9.25%	78,625,000	6,800,000	8%	68,000,000
Total	**78,624,150**	**92.5%**	**786,241,500**	**55,036,906**	**64.75%**	**550,369,060**

Source: The Company

Company's Capital	Eight hundred fifty million Saudi Riyals (SAR 850,000,000) fully paid.
Total Number of Company Shares	Eighty-five million (85,000,000) ordinary shares fully paid.
Nominal Value per Share	Ten Saudi Riyals (SAR 10) per share.
Offering	Offering of twenty-five million five hundred thousand (25,500,000) ordinary shares, representing 30% of the Company's capital, for public subscription, at an Offer Price of seventy three Saudi Riyals (SAR (73)) per share.
Total Number of Offer Shares	Twenty-five million five hundred thousand (25,500,000) fully paid ordinary shares.
Percentage of the Offer Shares to the Company's Capital	The Offer Shares represent 30% of the Company's shares.
Offer Price	seventy three (SAR 73) Saudi Riyals per offer share.
Total Offering Value	One billion eight hundred sixty one million and five hundred thousand Saudi Riyals (SAR 1,861,500,000).
Use of Offering Proceeds	The Offering Proceeds amounting to One billion eight hundred and sixty one million and five hundred thousand Saudi Riyals (SAR 1,861,500,000) (upon deducting all the Offering costs and expenses estimated at thirty million Saudi Riyals (SAR 30,000,000), will be paid to the Selling Shareholders. The Company will not receive any part of the Net Proceeds (for further details, see Section 8 "**Use of Offering Proceeds**" of this Prospectus).
Number of Offer Shares Underwritten	Twenty-five million five hundred thousand (25,500,000) ordinary shares.
Total Offering Value Underwritten	One billion eight hundred and sixty one million and five hundred thousand Saudi Riyals (SAR 1,861,500,000).

Target Investors	Subscribing for the Offer Shares shall be limited to two tranches of investors as follows: **Tranche A - Participating Parties:** This tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (see Section 1 "**Definitions and Abbreviations**" of this Prospectus). **Tranche B - Retail Investors:** This tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or any GCC national, in each case who has a bank account, and is allowed to open an investment account, with one of the Receiving Entities.
Total Offer Shares Available for Each Category of Target Investors	
Number of Offer Shares Available to Participating Parties	Twenty-five million five hundred thousand (25,500,000) Offer Shares, representing 100% of the total Offer Shares. If there is sufficient demand by Retail Investors, the Bookrunner shall have the right to reduce the number of shares allocated to the Participating Parties to at least twentytwo million nine hundred fifty thousand (22,950,000) Offer Shares, representing 90% of the total Offer Shares.
Number of Offer Shares Available to Retail Investors	A maximum of two million five hundred and fifty thousand (2,550,000) Offer Shares, representing 10% of the total Offer Shares.
Subscription Method for Each Category of Target Investors	
Subscription Method for Participating Parties	Participating Entities may apply for the book building. The Bookrunner will make available the Bid Forms to the Participating Entities during the book building process. After initial allocation, the Bookrunner will provide the Subscription Application Forms to be completed in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus).
Subscription Method for Retail Investors	Subscription Application Forms will be available for Retail Investors during the Offering Period on the websites of the Receiving Entities and at some of their branches. Subscription Forms shall be completed in accordance with the instructions mentioned in Section 17 "**Subscription Terms and Conditions**" of this Prospectus and submitted to one of the branches of the Receiving Entities. Retail Investors can also subscribe through the internet, telephone banking, or ATMs of the Receiving Entities that offer any or all such services to its customers, provided that: a) the Retail Investor must have a bank account at a Receiving Agent which offers such services; and b) there must have been no changes in the personal details of the Retail Investor since his subscription in a recent Offering.
Minimum Number of Offer Shares to be Applied for by Each Category of Target Investors	
Minimum Number of Offer Shares to be Applied for by Participating Parties	One hundred thousand (100,000) shares.
Minimum Number of Offer Shares to be Applied for by Retail Investors	Ten (10) shares.
Minimum Subscription Amount for Each Category of Target Investors	
Minimum Subscription Amount for Participating Parties	Seven million three hundred thousand Saudi Riyals (SAR 7,300,000).
Minimum Subscription Amount for Retail Investors	seven hundred and thirty Saudi Riyals (SAR 730).
Maximum Number of Offer Shares to be Applied for by Each Category of Target Investors	
Maximum Number of Offer Shares to be Applied for by Participating Parties	Four million two hundred forty-nine thousand nine hundred ninety-nine (4,249,999) shares.

Maximum Number of Offer Shares to be Applied for by Retail Investors	Two hundred and fifty thousand (250,000) shares.
Maximum Subscription Amount for Each Category of Target Investors	
Maximum Subscription Amount for Participating Parties	Three hundred ten million and two hundred forty-nine thousand and nine hundred twenty-seven Saudi Riyals (SAR 310,249,927).
Maximum Subscription Amount for Retail Investors	Eighteen million two hundred fifty thousand Saudi Riyals (SAR 18,250,000).
Allocation of Offer Shares and Refund of Excess Subscription Monies for Each Category of Target Investors	
Allocation Method for Participating Parties	The initial allocation of the Offer Shares will be made, as the Bookrunner deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. The Company and Bookrunner may, at their discretion, not allocate shares to some of the Participating Parties. Final allocation of the Offer Shares to Participating Parties shall be made through the Bookrunner upon completion of allocation of Offer Shares to Retail Investors. The number of Offer Shares to be initially allocated to the Participating Parties is twenty-five million five hundred thousand (25,500,000) Offer Shares, representing 100% of the total Offer Shares. If there is sufficient demand by Retail Investors, the Financial Advisor, in consultation with the Company and the Selling Shareholders, shall have the right to reduce the number of shares allocated to the Participating Parties to at least twenty-two million nine hundred fifty thousand (22,950,000) Offer Shares, representing 90% of the total Offer Shares, upon completion of allocation of Offer Shares to Retail Investors.
Allocation Method for Retail Investors	The Offer Shares are expected to be allocated no later than Wednesday 08/06/1443H (corresponding to 03/09/2022G). The minimum allocation per Retail Investor is ten (10) shares, and the maximum allocation per Retail Investor is two million five hundred and fifty thousand (2,550,000) shares. The balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Retail Investor. In the event that the number of Retail Investors exceeds two hundred and fifty-five thousand (255,000) Retail Investors, the minimum allocation cannot be guaranteed by the Company and the shares will be allocated as per the instructions of the Company and the Financial Advisor (for further details, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus).
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to the Subscribers without any charge or withholding. Announcement of the final allocation and refund of subscription monies will be made no later than Wednesday 08/06/1443H (corresponding to 03/09/2022G).
Offering Period	The Offering Period will commence on Three (3) days commencing on Sunday 07/26/1443H (corresponding to 02/27/2022G) and ending on Tuesday 07/28/1443H (corresponding to 03/01/2022G).
Entitlement to Dividends	The Offer Shares will be entitled to receive any dividends declared by the Company as of the date of this Prospectus and for subsequent financial years (for further details, see Section 7 "**Dividend Distribution Policy**") of this Prospectus.
Voting Rights	The Company has one class of ordinary shares. None of the shares carries any preferential voting rights. Each share entitles its holder to one vote. Each Shareholder has the right to attend and vote at the General Assembly meetings, and may delegate another Shareholder that is not a Director to attend the General Assembly meetings and vote on its behalf (for further details about voting rights, see Section 12-4"**Summary of Company's Bylaws**" of this Prospectus).
Restrictions on the Shares (Lock-up Period)	Substantial Shareholders are subject to a lock-up period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange, so that they may not dispose of their shares during this period. Following the Lock-up Period, the Substantial Shareholder may dispose of such shares, without the prior approval of CMA.
Shares Previously Listed by the Company	Prior to the Offering, there has been no public market for the shares in the Kingdom or elsewhere. An application has been made by the Company to the CMA for registration and offer of the shares in accordance with the Rules on the Offer of Securities and Continuing Obligations. The Company also submitted an application to the Exchange for admission to listing in accordance with the Listing Rules. All relevant approvals pertaining to the Offering have been granted, and all supporting documents required by CMA have been obtained. Trading of the shares on the Exchange is expected to commence shortly upon completion of final allocation (for further details, see Section "**Key Dates and Subscription Procedures**" on page (xiv) of this Prospectus).

Risk Factors	There are certain risks related to investment in the Offer Shares. Such risks can be classified as follows: 1. Risks related to the Company's activity and operations. 2. Risks related to the market and sector in which the Company operates. 3. Risks related to the Offer Shares. These risks are described in Section 2 "**Risk Factors**" of this Prospectus, and should be considered carefully prior to deciding to invest in the Offer Shares.
Offering Expenses	The expenses and costs related to the Offering will be fully borne by the Selling Shareholders, and deducted from the total Offering Proceeds. The Offering expenses are estimated at approximately thirty million Saudi Riyals (SAR 30,000,000). This figure includes the fees of each of the Financial Advisor, Underwriters, Legal Advisor and legal advisor to the Underwriters, the Financial Due Diligence Advisor, the Auditor, the Market Consultant, in addition to the fees of Receiving Entities, marketing, printing and distribution expenses and other Offering related expenses.
Lead Underwriter	**GIB Capital** Granada Business Park, Building 1, 4th Floor Eastern Ring Road P.O. Box 89589 Riyadh 11692 Kingdom of Saudi Arabia Tel: +966 11 8348000 Fax: +966 11 5112201 Website: www.gibcapital.com Email: customercare@gibcapital.com
Underwriters	**Alinma Investment Company** Al Anoud Tower 2 King Fahad Road P.O. Box 55560, Riyadh 11544 Kingdom of Saudi Arabia Tel: +966 11 2185555 Fax: +966 11 2185970 Website: www.alinmainvestment.com Email: info@alinmainvest.com **ANB Invest** King Faisal Street - ANB Invest Building Murabbaa District, Behind ANB Head Office P.O. Box 220009, Riyadh 11311 Kingdom of Saudi Arabia Tel: +966 11 4062500 Fax: +966 11 4062548 Website: www.anbinvest.com.sa Email: equity.cm@anbinvest.com.sa

Note: The Section "**Important Notice**" on page (i) and Section 2 "**Risk Factors**" of this Prospectus should be carefully considered prior to deciding to invest in the Offer Shares.

Key Dates and Subscription Procedures

Key Dates

Table (1-3): Expected Offering Timetable

Event	Date
Bidding and Book-building Period for Participating Parties	A period of five (5) days commencing on Sunday 07/12/1443H (corresponding to 02/13/2022G), and ending at 12 pm on Thursday 07/16/1443H (corresponding to 02/17/2022G).
Retail Investors' Subscription Period	A period of three (3) business days commencing on Sunday 07/26/1443H (corresponding to 02/27/2022G), and ending on Tuesday 07/28/1443H (corresponding to 03/01/2022G).
Deadline for Submission of Book-Building Applications by Participating Parties based on the Provisionally Allocated Offer Shares	4 pm on Thursday 07/23/1443H (corresponding to 02/24/2022G).
Deadline for Payment of the Subscription Monies for Participating Parties based on the Provisionally Allocated Offer Shares	4 pm on Monday 07/27/1443H (corresponding to 02/28/2022G).
Deadline for Submission of Subscription Applications and Payment of the Subscription Monies for Retail Investors	Tuesday 07/28/1443H (corresponding to 03/01/2022G).
Announcement of Final Offer Shares Allotment	No later than 08/06/1443H (corresponding to 03/09/2022 G).
Refund of Excess Subscription Monies (if any)	No later than 08/06/1443H (corresponding to 03/09/2022 G).
Expected Date of Commencement of Trading in the Exchange	Trading of the Company's Shares on the Exchange is expected to commence after all relevant regulatory requirements are satisfied. Trading will be announced through Tadawul's website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing on the websites of the Exchange (www.saudiexchange.sa), the Financial Advisor (www.gibcapital.com), and the Company (www.al-dawaa.com).

How to Apply

The following is a brief summary of the method of subscription by the Participating Parties and Retail Investors:

A. Participating Parties:

This tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (see Section 1 "**Definitions and Abbreviations**" of this Prospectus).

Participating Parties can obtain a Book-Building Application Forms from the Bookrunner during the book-building process period and the Subscription Forms from the Bookrunner after initial allocation. The Bookrunner shall, after the approval of the CMA, offer the Offer Shares to the Participating Parties only during the Book-Building Period. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes the Retail Investors, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form shall be submitted to the Bookrunner, with such form representing a binding agreement between the Selling Shareholders and the applicant Participating Party.

B. Retail Investors:

This tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person, who can subscribe under their names for her own benefit, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, in addition to any non-Saudi natural person who is resident in the Kingdom and any GCC natural person, provided they have a bank account with one of the Receiving Entities and are entitled to open an investment account.

Retail Investors' Subscription Application Forms will be available during the Offering Period at the Receiving Entities' websites and their branches. Retail Investors can subscribe through the internet, telephone banking or ATMs of the Receiving Entities offering any or all such services to Retail Investors, provided that the following requirements are satisfied:

- An Retail Investor must have a bank account with the Receiving Entity which offers such services; and
- There should have been no changes to the personal information of the Retail Investor since his subscription in the last IPO.

Subscription Application Forms must be completed in accordance with the instructions set out in Section 17 "**Subscription Terms and Conditions**" of this Prospectus. An applicant must complete all relevant items of the Subscription Form. The Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions is not met. Amendments to and withdrawal of the subscription application shall not be permitted once the subscription application has been submitted. The submission of Subscription Application Form is considered a binding agreement between the relevant subscriber and the Selling Shareholder (for further details, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus).

Excess subscription monies, if any, will be refunded to the prime Investor's account held with the Receiving Entity from which the subscription value has been debited in the first place, without any commissions or withholding by the Lead Manager or the Receiving Entities. Excess subscription monies shall not be refunded in cash or to third-party accounts.

For further details regarding subscription by Retail Investors and the Participating Parties, see Section 17 "**Subscription Terms and Conditions**" of this Prospectus.

Summary of Key Information

This summary is intended to provide a brief overview of the information contained in this Prospectus in detail; however, this summary does not include all information, which may be important to prospective investors and must be taken into consideration before deciding to invest in the Offer Shares. Therefore, those willing to subscribe for the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, Section "**Important Notice**" on page (i) and Section 2 "**Risk Factors**" of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

Overview of the Company

Al-Dawaa Medical Services Company is a Saudi closed joint stock company converted pursuant to the Ministerial Resolution No. 361 dated 10/27/1442H (corresponding to 06/08/2021G) and registered under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/08/2001G) issued in Khobar, the Kingdom. The Company's registered address is P.O. 4326, Khobar, 31952, the Kingdom.

The Company was established on 01/16/1412H. (corresponding to 07/28/1991G) as a sole proprietorship in the name of "Mohamed Saad Al Farraj Commercial Services Est.", registered in Khobar under Commercial Registration No. 2051014940 dated 01/16/1412H (corresponding to 07/28/1991G). One of its branches called "Al-Dawaa Pharmacies", the first branch of which was opened in 1993G, was converted to a limited liability company in 2001G, with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two thousand (2,000) shares, with a fully paid nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and it was registered in Khobar under Commercial Registration No. 2051025701 dated 9/23/1422H (corresponding to 12/8/2001G). On 10/27/1442H (corresponding to 06/08/2021G), the Company was converted from a limited liability company to a closed joint stock company in the name of "Al-Dawaa Medical Services Company", with a capital of eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eightyfive million (85,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. Since its incorporation, the Company's capital has been increased several times. The capital was first increased by virtue of the partners' resolution dated 04/15/1427H (corresponding to 05/13/2006G) from two million Saudi Riyals (SAR 2,000,000) to ten million Saudi Riyals (SAR 10,000,000), divided into ten thousand (10,000) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of eight million Saudi Riyals (SAR 8,000,000) was covered by transferring such amount from the partners' current accounts. On 10/14/1442H (corresponding to 05/26/2021G), the Company's capital was increased from ten million Saudi Riyals (SAR 10,000,000) to eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of eight hundred forty million Saudi Riyals (SAR 840,000,000) was covered by 1) transferring an amount of seven hundred eighty-eight million five hundred thousand Saudi Riyals (SAR 788,500,000) from the retained earnings account; and 2) transferring an amount of fifty-one million five hundred thousand Saudi Riyals (SAR 51,500,000) from the account of the proposed capital increase. (For further details about the Company's history, see Section 4-1-2 "**Corporate History and Evolution of Capital**" of this Prospectus).

Principal Activities of the Company

The Company's activities are mainly concentrated in the pharmaceutical retail sector. In accordance with the Company's Bylaws and Commercial Registration, the Company's activities comprise the following:

1) Real estate activities: Real estate activities with own or leased property.

2) Professional, scientific and technical activities:
   - Management consultancy activities.
   - Advertising

3) Construction: Other construction installations.

4) Education: Other types of education not classified elsewhere.

5) Administrative and support services: Packaging activities.

6) Manufacturing:
   - Manufacture of pharmaceutical materials, chemical, and plant-based pharmaceutical products.
   - Manufacture of radioactive equipment, and medical electric devices.
   - Manufacture of medical and dentistry tools and equipment.
   - Repair of electronic and optical equipment.

7) Transportation and storage:
   - Freight transport by road.
   - Storage.
   - Cargo Handling.
   - Other transportation support activities.
   - Courier activities not operating under a universal service obligation.

8) Wholesale and retail trade; repair of motor vehicles and motorcycles:
   - Wholesale for a fee or on a contract basis.
   - Wholesale of other household goods.
   - Wholesale of computers, computer peripheral equipment, and software.
   - Other retail sale in non-specialized stores.
   - Retail sale of pharmaceutical, medical goods, cosmetic, and toilet articles in specialized stores.
   - Retail sale via mail order houses or via Internet.

The Company's activities pursuant to its commercial registration certificate include:

1) Agents involved in the sale of medicines.

2) Wholesale of pharmaceutical products.

3) Trade of special and healthy food.

4) Pharmacies activities.

5) Drug warehouses activities.

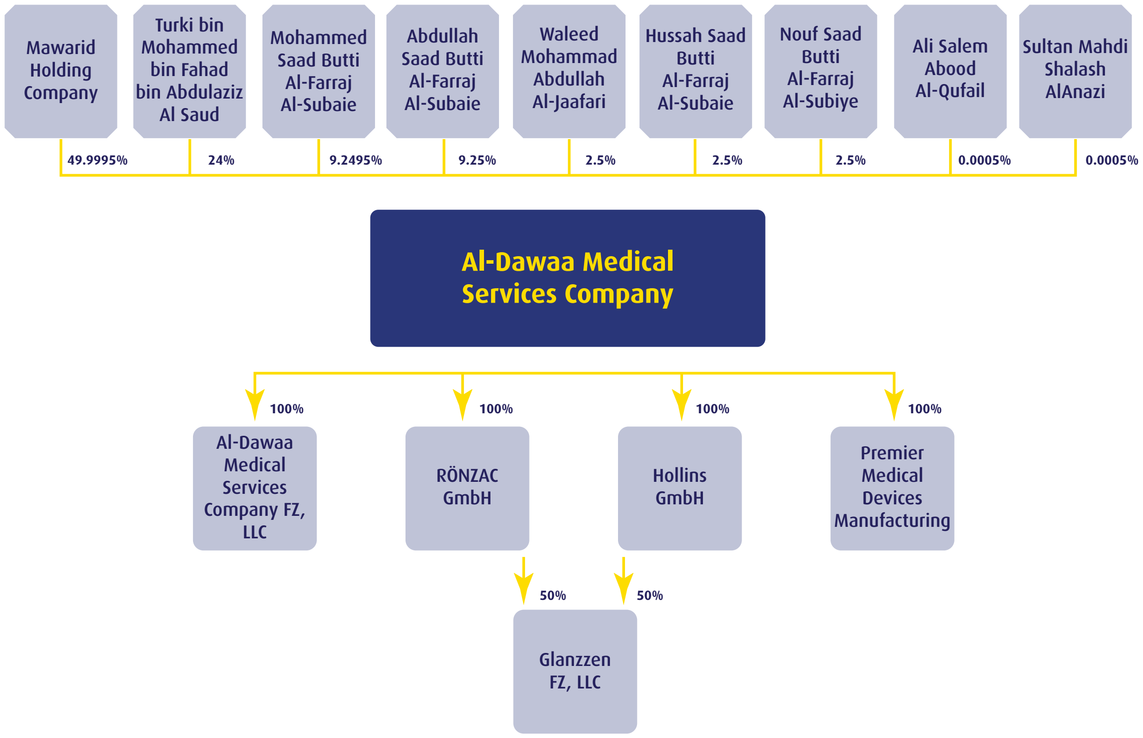
6) Retail sale of medical equipment, tools and supplies.

7) Delivery, items delivery and parcels pot activities.

8) Provision of marketing services on behalf of others.

Ownership Structure of the Company

Figure (1): Ownership Structure of the Company



Source: The Company

Company's Vision, Mission, and Strategy

Vision

To be the leading Company of pharmaceutical and customer service networks in the Kingdom by providing optimal services and products.

Mission

The Company's mission is to develop a leading multi-channel pharmaceutical network based on a model infrastructure supported by the state-of-the-art technology and equipment, which is supervised and managed by highly experienced professionals, in order to deliver world-class value products, services and consultancy to improve the quality of life and realize the Saudi Vision aimed at creating vibrant societies.

Strategy

The Company has adopted its strategy with a view to implementing its vision, mission, and strategic themes set out above, as follows:

- Maintaining the Company's outstanding position in the retail pharmaceutical sector, increasing its market share and preserving the Company's leading role within the concept of community pharmacies.
- Maintaining and driving the Company's strong levels of profitability in order to increase Shareholders'returns and enable the Company to expand its business.
- Increasing the Company's returns through its strategic domestic and global relationships, considering entry into strategic domestic and global alliances and cooperation agreements, and strengthening the Company's relationship with the public sector.

Strengths and Competitive Advantages

a) The Company operates in the largest economy in the Middle East and Northern Africa region and within the biggest retail sector in the region under the comprehensive and clear Saudi Vision 2030

The Saudi economy is the largest and most attractive economy amongst the GCC countries and in the Middle East, with a GDP of about 3.0 trillion Saudi Riyals in 2019G. Consumer spending rose from SAR 1,118.2 billion in 2018G to SAR 1,157.8 billion in 2019G (with a CAGR of 3.5%), which contributed to 38.9% of GDP in 2019G. The Kingdom recorded the highest GDP in the Middle East in 2020G, reaching SAR 2,351.6 billion. Recent data of Saudi Central Bank (SAMA) on point-of-sale transactions revealed that point-of-sale transactions for health supplies increased from SAR 16.8 billion in 2016G to SAR 29.8 billion in 2020G with a CAGR of 15.4%. The Kingdom's market features high spending rates due to the absence of income tax and the Kingdom's high foreign exchange reserves, enhanced by macroeconomic developments and supported by the following:

- The Kingdom is the most densely populated country in GCC region and the fourth most populous country in the Arab world. It also has a high population growth rate, as the estimated total population of the Kingdom is about 34.8 million people, and the percentage of young people aged 29 years is estimated at less than 47% of the total population as of the end of 2020G. The large young population segment is a key driver of the retail and e-commerce sectors. CAGR is expected to reach 1.4% between 2020G and 2024G.
- Disposable per capita income increased at a CAGR of about 1.8% (in terms of the nominal value) between 2017G and 2019G, and at an expected CAGR of 3.5% (in terms of nominal value) between 2020G and 2024G, due to the general economic growth and empowerment of women in the labor market, along with the expected decline in unemployment rates.
- The continuing trend of horizontal urbanization (with about 84% of the total population residing in cities in 2019G), and the higher number of middle- and high-income families (with the number of high-income families being expected to increase by about 40% between 2020G and 2024G).
- Continued economic reforms that have a positive impact in the Kingdom, including providing investment opportunities for the private sector in multiple economic sectors and activities, increasing investments in infrastructure, developing new economic sectors (such as the tourism and entertainment sector), and encouraging women's participation in the labor market. Increased participation of women in the labor market, removal of restrictions on driving, childcare centers accessible through the Qurrah program, elimination of restrictions on women's access to credit, and equal retirement age for both sexes contributed to increasing women's share in the labor market from 18.6% in 2016G to 30.4% in 2020G, exceeding the Vision 2030 target of 30%. Increased participation of women in the labor market will improve the overall standard of living, Saudi household income, and purchasing power, which will eventually boost spending power.

In 2016G, the Saudi Government announced its new strategy, named "**Vision 2030,**" which includes a comprehensive agenda for social and economic reforms. This strategy aims to diversify the Kingdom's economy and reduce its dependence on revenues from oil-related sectors. Vision 2030 initiatives also include, but are not limited to, stimulating the retail trade sector, increasing the number of Hajj and Umrah visitors, increasing the tourism sector's contribution to the GDP to 10% and increasing spending on cultural and entertainment activities from 3% to 6%.

b) Significant digital and logistical superiority in the retail pharmaceutical sector thanks to the Company's unique supply chain in the local market

The Company owns a large logistics center in Sudair. Among the pharmaceutical networks operating in the Kingdom, this competitive advantage is unique to the Company in terms of size, capacity, and 95% automatic handling of all pharmaceutical products as of September 2021 (for further details on the Company's logistics services, see Section 4-3-7 "**Logistics Services**" of this Prospectus).

The following are the most important features of the Company's business, demonstrating its digital and logistical superiority within the supply chains:

- The Company applies a monitoring system, the e-tracking system for pharmaceutical products, which is part of the National Transformation Program (NTP) to adopt and use state-of-the-art technology means in tracking and tracing all human drugs manufactured inside the Kingdom or imported from abroad at all stages until they reach the consumer.
- The Company holds ISO 9001-2015.
- All of the Company's warehouses are approved by the Saudi Food and Drug Authority.

- The storage area of the Company's warehouses is more than one hundred forty thousand (140,000) square meters, accommodating over ninety thousand (90,000) Pallets.
- Every day, warehouses receive over four hundred thousand (400,000) units (equivalent to about eight hundred (800) Pallets) or about thirty thousand (30,000) boxes (each box is called a "**tote**", a storage and shipping unit made of plastic, which is 54 cm long, 24 cm high and 37 wide). A total of over one million (1,000,000) units is received and delivered per day.
- The Company's fleet of more than six hundred (600) trucks and vehicles with various uses and capacities operate 24 hours a day, covering all regions of the Kingdom with over one hundred fifty thousand (150,000) kilometers and completing approximately one thousand (1,000) deliveries per day.
- The Company's fleet operates with state-of-the-art technology, tracking and routing systems. There are a number of additional sensors in each truck that operate throughout the trip to record all information related to the security, safety and quality of shipments and the quality of the trip itself, connected via satellite to the systems of the Company, the Saudi Food and Drug Authority and the Ministry of Transport. This mechanism ensures full protection, so that none of the trucks, for example, can open the storage areas before the target is reached; the Company can find it immediately and take the necessary actions at the time.
- Upon completion of the Mechanization and Automation of operations at the Company's main warehouse in Sudair for all pharmaceutical products during 2021G, the Company will be among a very limited number of global players that apply modern technologies for electronic preparation of medicines.

c) A large network of Company-owned pharmacies extending from the Kingdom's north to the south and from the east to the west, supported by the state-of-the-art infrastructure in various aspects of operational business

The Company owns over eight hundred (800) pharmacies situated in thirteen (13) administrative regions and more than one hundred thirty (130) cities, provinces and governorates in the Kingdom. The Company's pharmacies include more than twenty-seven thousand (27,000) products and two thousand (2,000) brands that meet the needs of consumers with a daily turnout of one hundred and seventy-five thousand (175,000) visits to all of the Company's pharmacies. The Company's pharmacies feature large area and highly organized display, allowing consumers to have a smooth and flexible shopping experience that efficiently and effectively meets their needs (for further details on the Company's pharmacies and their design, see Section 4-3-2 "**Al-Dawaa Pharmacies**" of this Prospectus). The Company's pharmacies strive towards a key community message, besides being a center for the sale of medical and non-medical products, and are characterized by the following:

- The service within the Company's pharmacies is provided by a distinguished staff of pharmacists with the highest academic qualifications undergoing continuous training courses and workshops to achieve the highest and most up-to-date levels of health and community care at all times. Therefore, all the Company's pharmacists are highly academically qualified. At the Company's pharmacies, the work of pharmacists goes beyond selling products to being an educational tool for the customer by guiding them to the best methods, practices and means to maintain general health. In addition, the Company has developed several programs that assist and supplement the work of the pharmacist, including Dawa'ok and Family Register, which ensure follow-up of pharmaceutical doses and prevent the customer from conflicting medications at the time of use based on the customer's electronic medication record kept with the Company.
- The Company measures the performance of pharmacists and all its task forces through performance indicators known to them with a view to identifying the needs of their task forces and then developing them through the ongoing training program.

The Company's vast network of pharmacies is also supported by a distinct infrastructure that includes:

- The Company's central warehouses located in Sudair in the Central Province, representing a huge logistics center to support the Company's business, in addition to fourteen (14) other warehouses in different regions of the Kingdom (for further details on the Company's warehouses, see Section 4-3-7 "**Logistics Services**" of this Prospectus.
- Services of delivery to the customer's place or home through "**Al-Dawaa Pharmacies Application**", and online sales through the pharmacies' website as well as through customer service via the Company's toll-free phone number. The Company offers many benefits such as Arbahi via Al-Dawaa Pharmacies Application (for further details on the Company's programs, see Section 4-3-8 "**Marketing**" of this Prospectus).
- A large fleet of customer delivery vehicles and larger vehicles to transfer products between branches, not to mention heavy transport vehicles that ensure the smooth transport of products from the central warehouse in Sudair and other warehouses to the Company's branches throughout the Kingdom (for further details on the Company's fleet, see Section 4-3-7 "**Logistics Services**" of this Prospectus).

- A highly sophisticated and efficient IT infrastructure designed to connect all business segments in a highly accurate digital manner so that products are monitored and controlled from the moment they enter the Company's warehouses for the first time until they are delivered to the consumer through a very distinct supply chain. An example of the latest programs that support the logistics and delivery sector is Pilot Task Manager.

d) The Company's outstanding financial performance, continuous growth of business, and leading financial and profit position

The Company's financial performance is outstanding, with a strong financial and profit position and a steadily growing business. The Company's sales grew by 12.5%, 4.4%, and 25.2% during 2018G, 2019G and 2020G, respectively. The Company's gross profit margins reached 38.9%, 40.1%, and 37.9% in 2018G, 2019G and 2020G, respectively.

Although Covid-19 contributed to the increase of the Company's sales during 2020G, this increase was slight if compared to the expected normal business growth as a result of changing demand and product quality factors, which became an integral part of the consumer portfolio and would continue to grow in the future. The Company's decades-long experience and deep understanding of consumer needs and factors affecting the demand for products, whether medical, luxury, or personal care products, have enabled it to make the best use of consumer demand and maximize its market share within the course of its business. The Company was highly dynamic so that it created added value that improved its activity and growth of profits. At the same time, the increase of the Company's profits and growing sales were also driven by the Company's negotiating capability and its ability to make important strategic decisions at the right time, whether by halting products if found useless, changing suppliers without hesitation, or changing contractual terms in its favor, if necessary, in the long-term interest of the Company and its Shareholders.

e) An active strategic partner for many key public and private entities, with a distinguished leadership role in supporting and implementing the drug safety policy

The Company is proud of its national role in supporting and realizing Saudi Vision 2030 as part of the drug safety policy and spares no effort to harness its potential to this end. The Company's leadership in the "**Wasfaty**" program, a key Ministry of Health project, is an example of the Company's effectiveness as a strategic partner to harness its potential in the interest of the state and society of all its members and categories. The best evidence of the Company's clear role as a major pillar in the service of society and the state is that its reference pharmacies of about sixty (60) pharmacies situated in several regions in the Kingdom are committed to providing all registered pharmaceutical brands and making them constantly available, as announced on the Saudi Food and Drug Authority's website.

In a related context, the Company performed an outstanding role thanks to its direct contributions, dedicating its pharmacies as centers administering state-authorized Covid-19 vaccines, according to the mechanism in place, through qualified, knowledgeable and trained personnel to ensure that the vaccination is appropriately carried out. Al-Dawaa Pharmacies were, and still are, the only pharmaceutical network of this size and number that received the privilege of administering Covid-19 vaccines in the Kingdom. The Company has dedicated about twenty-six (26) centers to administer the vaccine, and it can give more than two thousand four hundred (2,400) vaccines per day through these centers (for further details on the Company's corporate social responsibility, see Section 4-8 "**Corporate Social Responsibility**" of this Prospectus).

Considering strategic relations within the private sector, the Company is an important strategic partner of the largest companies operating in the region, including STC as part of the Qitaf program. It also deals with all insurance companies, allowing it to achieve added value, since it can serve a very large segment of insurance beneficiaries without exception.

f) The Company's management team with outstanding expertise in the retail sector and pharmaceutical networks

The Company has a management team with extensive expertise in the retail sector and pharmaceutical networks. The management team is highly skilled and has extensive knowledge of the Kingdom and the retail sector at the regional level, including market trends and the competitive environment in this sector. The management team is also well-positioned to lead the Company to implement its future plans for growth and expansion at all future stages of the Company (for further details on the Company's management team, see Section 5-5 "**Executive Management**" of this Prospectus).

Market and Industry Overview

a) Overview of the Kingdom's Economy

The Kingdom recorded the highest GDP in the Middle East in 2020G, reaching SAR 2,351.6 billion. The economy recovered in 2018G following a negative growth in 2017G, driven by rising oil prices and the launch of Vision 2030 reform initiatives (Vision 2030 is a government roadmap aimed at diversifying and strengthening the economy). In 2019G, growth slowed due to the global economic slowdown and reduced oil production. In 2020G, the economy entered a recession due to lower oil prices, reduced oil production, and the outbreak of Covid-19.

Oil revenues contributed about 41% of GDP in 2020G, and the Government seeks to restructure the economy and develop the non-oil sectors. Vision 2030 initiatives are expected to significantly increase the size of the non-oil sector with a view to achieving 60% of non-oil revenues by 2030. In the longer run, focusing on expanding the non-oil sector, promoting privatization, and increasing new investment licenses for foreign companies will continue to advance the economy.

Backed by favorable government policies, economic reforms continue to boost the economy, resulting in higher disposable income and increased consumer spending. GDP per capita is expected to grow in the medium term, driven by the Government's rapid distribution of Covid-19 vaccines, investors' increased business confidence, and the recovery of the global economy. The resumption of activities during 2021G will increase employment and enhance GDP per capita in the medium term, which will further boost consumer spending.

b) Overview of the Kingdom's Socio-economic Situation

The Kingdom is the most densely populated country in the GCC region and the fourth most populous country in the Arab world. In 2020G, the number of expatriates reached about 36.5% of the total population. The most densely populated areas in the Kingdom are the Mecca Province, Riyadh Province, and the Eastern Province, accounting for more than 65% of the total population in Saudi Arabia. It is worth noting that the population of major cities in Riyadh, Jeddah and Makkah exceeds one million people.

The population of the Saudi Arabia is steadily aging. In 2019G, the tranche of the population aged under 19 decreased from 31.7% in 2018G to 31.1% in 2020G. In contrast, the population aged over 65 increased from 3.3% in 2018G to 3.5% in 2020G. This continuing trend of population aging will increase the need for healthcare products and services and medicines.

The unemployment rate among Saudi nationals has historically continued to rise at around 12% per year, leading to a total unemployment rate of around 6.0-7.0%. Under Vision 2030, "**Saudization**" initiatives have been launched to increase the percentage of working Saudi nationals, aiming to significantly reduce the unemployment rate over the medium term. The Government has also taken substantial steps to increase participation of women in the labor market, which will improve the overall standard of living, Saudi household income, and purchasing power, and will eventually boost spending power.

c) Overview of Healthcare System in the Kingdom

The Kingdom's healthcare sector is primarily run by the Government, with the private sector continuing to grow. Most services are provided by the Ministry of Health; however, other government departments and entities also provide healthcare facilities for their employees and family members. Total healthcare spending in the Kingdom increased from SAR 187.6 billion in 2018G to SAR 194.8 billion in 2019G, with a CAGR of 3.8%, driven by growing and aging population, increased community healthcare needs, and increased investment in infrastructure and services.

Total healthcare spending decreased slightly in 2020G to SAR 183.8 billion due to reduced services and operational costs (suspension of elective surgeries, admission of non-emergency cases, non-urgent outpatient services and associated diagnostic services) following the outbreak of Covid-19. Government healthcare spending, as a percentage of total healthcare spending, increased from 61.6% in 2019G to 62.3% in 2020G.

In order to meet the growing healthcare needs of the population, the public and private healthcare sectors are increasing capacity, and healthcare capacity will continue to increase over the medium to long term, driven by a wide range of Vision 2030 initiatives. For pharmacies, the public sector runs pharmacy departments within hospitals, medical cities, and specialized centers, in addition to some pharmacists with Ministry of Health's primary care centers. However, retail pharmacies and e-commerce platforms that provide the products and services in the private retail pharmacy sector are operated by the private sector. The number of pharmacists has grown in both the public and private sectors, and the private pharmacies have increased.

Health insurance was provided in the Kingdom in 1999G on a non-compulsory basis. The health insurance sector is regulated by the Council of Cooperative Health Insurance (CCHI) and the Saudi Central Bank (SAMA). Due to Covid-19, SAMA quickly drafted legislation to enable telemedicine coverage, and earlier this year (2021G), this policy was updated to expand telemedicine coverage, which was extended until the end of 2021G. All working Saudi citizens, expatriates and their family members, pilgrims, and visitors to the Kingdom are required to obtain health insurance.

d) Overview of Retail Pharmaceutical Market in the Kingdom

The Kingdom's pharmaceutical retail market significantly grew by SAR 25.3 billion in 2017G and SAR 28.1 billion in 2020G, with a growth rate of 3.5%. The market comprises five segments: 1) prescription medicines; 2) over-the-counter medicines and dietary supplements; 3) cosmetics; 4) food products; and 5) medical supplies. In 2019G, prescription medicines, over-the-counter medicines, and dietary supplements accounted for about 69% of the total retail pharmaceutical market. Future growth is expected to include all segments, but it will be particularly high in prescription medicines and medical supplies segments.

Summary of Risk Factors

Below is a summary of the risk factors involved in investment in the Offer Shares; however, this summary does not contain all the information that may be important to investors. Therefore, those willing to subscribe for the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, Section "**Important Notice**" on page (i) and Section 2 "**Risk Factors**" of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

Risks Related to the Company's Business

- Risks related to the Company's performance in the retail pharmaceutical sector and the level of spending
- Risks related to an increase in the Company's operating expenses
- Risks related to the Company's inability to grow in the future at historical rates
- Risks related to the Company's expansion strategy
- Risks related to the Company's reliance on leased properties
- Risks related to finding and renting locations for new pharmacies on commercially favorbale terms
- Risks related to seasonal factors
- Risks related to Related Party transactions.
- Risks related to protection of the Company's trademarks
- Risks related to the Company's exposure to unexpected operational risks and trade barriers
- Risks related to quality or health problems of the products offered in the Company's pharmacies
- Risks related to the Company's reputation
- Risks related to the efficiency of the renovation and redevelopment of the Company's pharmacies
- Risks related to the closure of some of the Company's pharmacies
- Risks related to the Company's transactions with government entities
- Risks related to the application of COVID-19 precautionary measures
- Risks related to tax and zakat
- Risks related to continuing obligations under agreements for operation and rental of pharmacies' Licenses
- Risks related to the Company's reliance on its Senior Management and key personnel
- Risks related to employees' misconduct and errors
- Risks related to the Company's reliance on information technology infrastructure
- Risks related to the services provided to the Company by third party service providers

- Risks related to newly implemented corporate governance rules
- Risks related to the recent formation of the Audit Committee and the Nomination and Remuneration Committee and failure to perform their duties as required
- Risks related to lack of experience in managing a joint stock company listed on the Exchange
- Risks related to the inadequacy of insurance coverage
- Risks related to the Company's involvement in legal proceedings
- Risks related to the Company's material contracts
- Risks related to finance
- Risks related to credit card and Mada card payments
- Risks related to hedging
- Risks related to the disclosure of the Company's annual financial statements
- Risk related to business income
- Risks related to the Company's reliance on short-term loans to finance working capital
- Risks related to the Company's online activities
- Risks related to the difference between disclosures contained in the Company's financial statements and disclosures contained in the financial or actuarial reports
- Risks related to the assessment of expected credit losses for receivables
- Risks associated with poor inventory management
- Risks related to commercial discounts granted by the Company to retail and wholesale customers
- Risks related to recognizing the obligations resulting from wholesale returns based on the actual returns in the financial periods subsequent to the financial period for which statements are being prepared and which are not estimated when the relevant financial statements are prepared

Risks Related to the Industry in which the Company Operates

- Risks related to the regulations and laws of the industry in which the Company operates
- Risks related to highly competitive factors in the industry in which the Company operates
- Risks related to political instability and security concerns in the Middle East region.
- Risks related to the Kingdom and Middle East economy
- Risks related to adverse changes in finance cost
- Risks related to the impact of COVID-19 on the economy and the industries in which the Company operates
- Risks related to licenses, permits, and approvals
- Risks related to VAT application
- Risks related to Saudization and other requirements under the Labor Law
- Risks related to higher government fees imposed on non-Saudi employees
- Risks related to changes in prices of energy, electricity, water, and related services
- Risks related to changes in government laws and policies or how they are applied

Risks Related to the Offer Shares

- Risks related to effective control post-Offering by Substantial Shareholders
- Risks related to the absence of a prior market for the Company's Shares
- Risks related to fluctuation in the market price of the Shares
- Risks related to the Company's ability to distribute dividends
- Risks related to the sale of a large number of shares in the Exchange
- Risks related to research published about the Company
- Risks related to the inability of Non-Qualified Foreign Investors to directly hold Shares

Summary of Financial Information and KPIs

The financial information and KPIs set forth below should be read in conjunction with the Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G, and the unaudited condensed financial statements for the six-month period ended June 30, 2021G, together with notes thereto, which have been included in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus.

Table (1-4): Summary of Financial Information and KPIs for the Financial Years Ended December 31, 2018G, 2019G and 2020G and the Unaudited Condensed Financial Statements for the Six-Month Period Ended June 30, 2021G

(SAR million)	FY 2018G	FY 2019G	FY 2020G	Financial Period Ended June 30, 2021G
KPIs				
Revenue growth rate	12.5%	4.4%	25.2%	(0.2%)
Net income growth rate	9.9%	2.1%	5.7%	68%
Gross profit margin	38.9%	40.1%	37.9%	36.7%
Operating profit margin	7.7%	7.5%	7.9%	5.7%
Net profit margin	6.0%	5.9%	5.0%	5.3%
ROE	26.5%	24.1%	22.2%	11.1%
ROA	7.6%	7.4%	7.0%	3.6%
Current assets/current liabilities	111.1%	111.6%	108.1%	107.6%
Debt/equity	81.0%	74.3%	80.1%	66.9%
Number of pharmacies	806	825	828	837
Statement of Income				
Revenues	3,797.2	3,962.4	4,962.1	2,476.5
Cost of sales	(2,318.5)	(2,375.5)	(3,080.8)	(1,566.5)
Gross profit	1,478.7	1,587.0	1,881.3	909.9
Selling and distribution expenses	(1,092.6)	(1,195.9)	(1,381.2)	(705.9)
General and administrative expenses	(92.6)	(95.2)	(107.1)	(62.8)
Operating profit	293.5	295.9	392.9	141.3
Finance cost – fair value loss on derivative swap liabilities	(5.7)	(15.6)	(94.9)	27.3
Finance cost – Other	(67.2)	(65.9)	(60.3)	(34.9)
Other income (net)	9.0	29.6	23.4	4.5
Net profit before zakat	229.6	244.0	261.1	138.3
Zakat	(1.3)	(10.8)	(14.7)	(6.5)
Net profit for the year	**228.3**	**233.2**	**246.4**	**131.8**

(SAR million)	FY 2018G	FY 2019G	FY 2020G	Financial Period Ended June 30, 2021G
Statement of Financial Position				
Non-current assets	1,359.9	1,442.5	1,651.0	1,931.8
Current assets	1,649.1	1,696.6	1,893.5	1,795.2
Total assets	3,009.1	3,139.1	3,544.5	3,727.0
Total equity	863.2	969.4	1,112.8	1,253.3
Non-current liabilities	661.9	650.1	680.1	805.6
Current liabilities	1,483.9	1,519.7	1,751.6	1,668.1
Total liabilities	2,145.8	2,169.8	2,431.7	2,473.7
Total Shareholders' equity and liabilities	**3,009.1**	**3,139.1**	**3,544.5**	**3,727.0**
Statement of Cash Flows				
Net cash from operating activities	423.5	515.0	406.8	419.5
Net cash from investment activities	(147.4)	(253.8)	(282.2)	(123.9)
Net cash used in financing activities	(250.2)	(283.9)	(171.5)	(235.7)
Net cash flow for the period	**26.0**	**(22.6)**	**(47.0)**	**59.9**
Cash and cash equivalents at the beginning of the year	81.7	107.7	85.0	38.1
Cash and cash equivalents at the end of the year	**107.7**	**85.0**	**38.1**	**98.0**

Source: The Company's audited financial statements for the financial years ended December 31, 2018G, 2019G and 2020G, and the unaudited condensed financial statements for the six-month period ended June 30, 2021G

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1- Definitions and Abbreviations

AED	The Arab Emirates dirham, the lawful currency in the United Arab Emirates.
Advalight Region	The Kingdom, UAE, Qatar, Bahrain and Oman in accordance with the distribution agreement concluded between the Company and Advalight on 12/22/1441 H (corresponding to 12/08/2020AD).
Advisors	The Company's advisors in relation to the Offering whose names appear on pages (v) and (vi) of this Prospectus.
Al-Dawaa Medical Services Company - Dubai	Al-Dawaa Medical Services FZ, LLC, a limited liability company established and existing in the UAE, registered under Commercial Registration No. 55 dated 08/24/1426H (corresponding to 9/28/2005G).
Arbahi	The loyalty program for the Company's pharmacies customers, which allows collecting points for every purchase from the Company's branches, website, application, and exchanging them for purchases or gifts and other benefits.
Audit Committee	Audit Committee of the Company.
Auditor	Ernst & Young & Co. (Public Accountants)
Board or Board of Directors	Company's Board of Directors
Book-Building Applications	The application submitted to the Financial Advisor by the Participating Parties for participation in the book-building process, no later than the last day of the Book-Building Period.
Book Building Instructions	Instructions on Book Building and Allocation of Shares in Initial Public Offerings issued by CMA Board Resolution No. 2- 94-2016 dated 10/15/1437H (corresponding to 7/20/2016G), as amended by CMA Board Resolution No. 3-102-2019G dated 01/18/1441H (corresponding to 9/17/2019G).
Bookrunner	GIB Capital
Business Day	Any day on which the Receiving Entities are open in the Kingdom (except for Fridays and Saturdays and any official holidays).
Bylaws	The Company's Bylaws approved by the General Assembly.
GCC	Cooperation Council for the Arab States of the Gulf
Capital Market Institution	A Capital Market Institution authorized by CMA to engage in the securities business.
Capital Market Law - CML	The Capital Market Law promulgated by Royal Decree No M/30 dated 06/02/1424H (corresponding to 7/31/2003G) as amended.
Central Province	The central region of the Kingdom, which includes Riyadh and Qassim.
CEO	Chief Executive Officer.
Chairman	Chairman of the Board.
CMA	Saudi Capital Market Authority.
Committees	The Audit Committee and the Nomination and Remuneration Committee.
Community Pharmacies	Pharmacy facilities concerned with providing safe services to patients by providing medicines appropriate to their health condition, and providing instructions and rules for the use of medicines, which aim to provide pharmaceutical services in a safe and secure manner.
Companies Law	The Companies Law promulgated by Royal Decree No. M/3 dated 01/28/1437H (corresponding to 11/10/2015G) as amended.
Control	"**Control**" shall mean the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: a) holding 30% or more of the voting rights in the Company; or b) the right to appoint 30% or more of the administrative staff; and the word "**control**" shall be construed accordingly.
Corporate Governance Regulations	The Corporate Governance Regulations issued by CMA Board, pursuant to the Companies Law, by virtue of Resolution No. 8-16-2017 dated 05/16/1438H (corresponding to 2/13/2017G), as amended pursuant to CMA Board Resolution No. 172021 dated 06/01/1442H (corresponding to 1/14/2021G).
COVID-19	SARS-CoV-2 virus, which causes the emerging Corona Virus disease (Covid-19), an infectious disease that causes infections in the respiratory tract and other symptoms such as fever, cough and shortness of breath.

Dawa'ok	A Company-affiliated program that provides a monthly follow-up service for patients with chronic diseases and reminds of medicines in the event that they are near their expiry date and when they are repurchased or spent on insurance without any additional fees on the value of medicines.
Directors	Members of the Company's Board of Directors.
Eastern Province	Eastern region of the Kingdom.
EUR	Euro, the sole currency of the European Union.
Exchange or Tadawul	The Saudi Exchange, a subsidiary of Saudi Tadawul Group.
Extraordinary General Assembly	A shareholders' extraordinary general assembly convened in accordance with the Bylaws.
Family Register	A program affiliated with the Company, through which the Company monitors the pharmaceutical doses dispensed to its clients and avoids the beneficiary from conflicting medicines treated at the time of use based on the client's pharmaceutical record kept electronically with it.
Financial Advisor	GIB Capital
Financial Year	Financial year of the Company, starting from January 1 to December 31 of each financial year.
G	Gregorian.
GCC	Cooperation Council for the Arab States of the Gulf
GDP	Gross Domestic Product (the broadest quantitative measure of a country's total economic activity, representing the monetary value of all goods and services produced within a country's geographic borders over a specified period of time).
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly, and "**General Assembly**" shall mean any general assembly of the Company.
Glanzzen	Glanzzen FZ, LLC, a limited liability company established and existing in the UAE, registered under Commercial Registration No. 1188 dated 01/25/1442H (corresponding to 9/13/2020G).
Government	The Government of the Kingdom of Saudi Arabia; the word "**governmental**" shall be construed accordingly.
H	Hijri.
Höllinz	Höllinz GmbH, a limited liability company established and existing in Germany, registered under Commercial Registration No. 218668 dated 08/04/1436H (corresponding to 5/22/2015G).
Investment Funds Regulations (IFR)	Investment Funds Regulations issued by CMA Board Resolution No. 1-219-2006 dated 12/03/1427H (corresponding to 12/24/2006G), in accordance with CMA Law promulgated by Royal Decree No. M/30 dated 06/02/1424H (corresponding to 1/13/2016G), as amended by CMA Board Resolution No. 2-22-2021 dated 07/12/1442H (corresponding to 2/24/2021G).
IFRS	International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA.
Kingdom or Saudi Arabia	Kingdom of Saudi Arabia
Labor Law	The Saudi Labor Law promulgated by Royal Decree No. M/51 dated 08/23/1426H (corresponding to 9/27/2005G).
Lead Manager	GIB Capital
Legal Advisor	Law Office of Salman M. Al-Sudairi
Lead Underwriter	GIB Capital
Listing	Admission to listing of the Company Shares on the Exchange in accordance with Listing Rules.
Listing Rules	Listing Rules approved by CMA Board Resolution No. 3-123-2017 dated 04/09/1439H (corresponding to 12/27/2017G), as amended by CMA Board Resolution No. 1-22-2021 dated 07/12/1442H (corresponding to 02/24/2021G).
Lock-up Period	The period during which Substantial Shareholders are subject to a lock-up period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange, so that they may not dispose of their shares during this period. After the end of the Lock-up Period, Substantial Shareholders may dispose of their shares without the prior approval of CMA.

Main Exchange	The exchange in which the Shares registered and offered are traded under Chapter IV of Rules on the Offer of Securities and Continuing Obligations.
Market Consultant	Frost & Sullivan
Market Study	The market study prepared by Frost & Sullivan.
Mechanization and Automation	The execution of operations and procedures in reliance on technology and machinery with a view of limiting human intervention.
MHRSD	The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
Ministry of Commerce	The Ministry of Commerce in the Kingdom.
New Law of Pharmaceutical Establishments and Products	Law of Pharmaceutical Establishments and Products promulgated by Royal Decree No. M/108 dated 08/22/1441H (corresponding to 04/15/2020G), and its Implementing Regulations.
Nitaqat Program	A program launched by the Ministry of Human Resources and Social Development (formerly the Ministry of Labor) pursuant to Resolution of the Minister of Human Resources and Social Development (formerly Minister of Labor) No. 4040 dated 10/12/1432H (corresponding to 9/10/2011G) based on the Council of Ministers Resolution No. 50 dated 05/21/1415H (corresponding to 10/27/1994G) to provide incentives to enterprises so that they employ Saudi nationals. This program evaluates the performance of an enterprise based on certain categories, i.e. platinum, green (classified into three sub categories, low green, medium green, high green), and red. Enterprises classified under the platinum and green categories are deemed in compliance with the Saudization requirements and receive some specific benefits, e.g. enabling them to obtain or renew work visas for expatriates or to change the profession of the foreign employees (except for professions restricted to Saudi nationals only). Enterprises categorized in red (depending on compliance by such enterprises) are non-compliant with the Saudization requirements and are subject to penalties, such as limiting their ability to renew work visas for expatriates or prohibiting them from obtaining or renewing work visas for expatriates.
Nomination and Remuneration Committee	Nomination and Remuneration Committee of the Company.
Northern Province	The northern region of the Kingdom, which includes Hail, Al-Jouf, Tabuk, and the Northern Borders Province.
Offer Shares	Twenty-five million five hundred thousand (25,500,000) ordinary shares, representing 30% of the Company's capital.
Offer Price	seventy three Saudi Riyals (SAR 73) per share.
Offering	Offering of twenty-five million five hundred thousand (25,500,000) ordinary shares, representing 30% of the Company's capital, for public subscription on the Exchange, at an Offer Price of seventy three Saudi Riyals (SAR 73) per share.
Offering Period	The period will commence on Sunday 07/26/1443H (corresponding to 02/27/2022G), and remain for a period of three (3) days up to and including the closing day on Tuesday 07/28/1443H (corresponding to 03/01/2022G).
Offering Proceeds	Total proceeds from the Offering are estimated at around One billion and eight hundred and sixty one million five hundred thousand Saudi Riyals (SAR 1,861,500,000), of which approximately thirty million Saudi Riyals (SAR 30,000,000) will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Legal Advisor, the Auditor, the Receiving Entities, and Market Consultant, as well as marketing, printing and distribution fees, and other expenses related to the Offering.
Official Gazette	Umm Al Qura, the Official Gazette of the Kingdom of Saudi Arabia
Old Law of Pharmaceutical Establishments and Products	Law of Pharmaceutical Establishments and Products promulgated by Royal Decree No. M/31 dated 06/01/1425H (corresponding to 07/18/2004G), and its Implementing Regulations.
Ordinary General Assembly	A shareholders' ordinary general assembly convened in accordance with the Bylaws.
Pallet	A pallet is a platform used to carry materials and goods using a forklift.
Parsenn	Parsenn-Produkte AG

Participating Parties	These parties are entitled to participate in the book-building process, namely: a. Public and private funds that invest in securities listed on the Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Fund Regulations and the Book Building Instructions; b. Capital Market Institutions authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules when submitting the Bid Form; c. Clients of a Capital Market Institution authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book-Building Instructions; d. Legal persons allowed to open an investment account in the Kingdom and an account with the Depository Center, including foreign legal persons who are allowed to invest in the market where the shares of an issuer are to be listed, with regards to the conditions of listing companies investments in listed securities stipulated in CMA Circular No. 6/05158 dated 08/11/1435H corresponding to (6/9/2014G) based on CMA Board's Resolution No. 9-28-2014 dated 07/20/1435H (corresponding to 5/19/2014G); e. Government entities and any supranational authority recognized by the CMA, the Exchange, or any other exchange recognized by the CMA or the Depository Center; f. Government-owned companies directly or through a private portfolio manager; g. GCC companies and GCC funds, if permissible according to the terms and conditions of such funds; h. Qualified Foreign Financial Institutions; and i. Ultimate beneficiary of legal personality in a swap agreement with a Capital Market Institution under the terms and conditions of the swap agreements.
Pharmacy or Pharmacies	Branches of the Company's pharmacies in the Kingdom.
Premier Medical Devices	Premier Medical Devices Manufacturing, a one-person limited liability, established and existing in the Kingdom, registered under Commercial Registration No. 1126106621 dated 07/20/1442H (corresponding to 3/4/2021G).
Principals MENA	Principals MENA FZCO
Prudential Rules	The Prudential Rules issued pursuant to CMA Board's Resolution No. 1-40-2012 dated 02/17/1434H (corresponding to 12/30/2012G), as amended.
Prospectus	This prospectus, which is prepared by the Company in relation to the Offering.
Public	Any person other than those listed below: 1. Affiliates of the Issuer; 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. Directors and Senior Executives of the affiliates of the Issuer; 5. Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6. Any relatives of the persons referred to in 1, 2, 3, 4, or 5 above; 7. Any company controlled by any person referred to in 1, 2, 3, 4, 5 or 6 above; and 8. Persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.
Pure Born	Pure Born Baby Care Requisites Trading LLC
Qualified Foreign Investor (QFI)	A foreign investor qualified in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities to invest in listed securities. Qualification Application shall be submitted to a Capital Market Institution to evaluate and approve the application in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Receiving Entities	The receiving entities whose names are mentioned on page (vii) of this Prospectus.

Related Party	The term "**Related Party**" or "**Related Parties,**" included in this Prospectus and according to Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued by CMA Board under Resolution No. 4-11-2004 dated 08/20/1425H (corresponding to 10/4/2004G), as amended by CMA Board's Resolution No. 2-75-2020 dated 12/22/1441H (corresponding to 8/12/2020G), refers to: a. Affiliates of the Issuer; b. Substantial Shareholders of the Issuer; c. Directors and Senior Executives of the Issuer; d. Directors and Senior Executives of the affiliates of the Issuer; e. Directors and Senior Executives of Substantial Shareholders of the Issuer; f. Any relatives of the persons referred to in a, b, c, d and e above; and g. Any company controlled by any person referred to in a, b, c, d, e and f above. For the purpose of Paragraph g, "**control**" shall mean the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a relative or affiliate, through any of the following: a) holding 30% or more of the voting equity in a company; and b) having the right to appoint 30% or more of the members of the administrative staff; and the word "**controlling**" shall be construed accordingly.
Relatives	Husband, wife and minor children. For the purpose of the Corporate Governance Regulations: • Fathers, mothers, grandparents, grandmothers, and ascendants thereof. • Children, grandchildren, and descendants thereof. • Full brothers and sisters, paternal half-brothers and sisters, and maternal half-brothers and sisters. • Husbands and wives.
Retail Investors	Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or GCC natural investors, in each case who has a bank account, and is allowed to open an investment account, with one of the Receiving Entities.
Riyal or SAR	Saudi Riyal, the official currency of the Kingdom.
Rules for Qualified Foreign Financial Institutions Investment	Rules for Qualified Foreign Financial Institutions Investment in Listed Securities passed under CMA Board Resolution No. 1-42-2015 dated 07/15/1436H (corresponding to 05/04/2015G), as amended by CMA Board Resolution No. 3-65-2019G dated 10/14/1440G (corresponding to 06/17/2019G).
Rules of Listed Companies	Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies passed by CMA's Board upon Resolution No. 8-127-2016 dated 1/16/1438H (corresponding to 10/17/2016G), as amended pursuant to CMA's Board Resolution No. 3-57-2019 dated 09/15/1440H (corresponding to 05/20/2019G).
Rules on the Offer of Securities and Continuing Obligations - OSCOs	Rules on the Offer of Securities and Continuing Obligations issued by CMA pursuant to Resolution No. 3-123-2017 dated 04/09/1439H (corresponding to 12/27/2017G) in accordance with the Capital Market Law promulgated by Royal Decree No. M/30 dated 06/02/1424H (corresponding to 01/13/2016G), as amended by CMA Board's Resolution No. 1-7-2021 dated 06/01/1442H (corresponding to 01/14/2021G).
Rönzac	Rönzac GmbH, a limited liability company established and existing in Germany, registered under Commercial Registration No. 218674 dated 08/04/1436H (corresponding to 5/22/2015G).
SAICO	Saudi Arabian Cooperative Insurance Company.
SAMA	The Saudi Central Bank, formerly known as Saudi Arabian Monetary Authority (SAMA).
Saudization	It is the process of replacing a resident non-Saudi person with a Saudi citizen in a specific job, provided that the citizen has the capabilities, qualifications and competencies required to perform this job.
Secretary	Secretary of the Board

Selling Shareholders	Selling Shareholders of the Company as at the date of this Prospectus, namely: 1. Mawarid Holding Company 2. HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz 3. Mohammed Saad Butti Al-Farraj Al-Subaie 4. Abdullah Saad Butti Al-Farraj Al-Subaie 5. Waleed Mohammad Abdullah Al-Jaafari 6. Hessah Saad Butti Al-Farraj Al-Subaie 7. Nouf Saad Butti Al-Farraj Al-Subaie 8. Sultan Mahdi Shalash Al-Anazi 9. Ali Salem Abood Al-Qufail
Senior Executives	Any natural person assigned – individually or jointly with other persons – by the Company's Board or by a Director to oversight and manage tasks, and directly reports to the Board, Director, or CEO.
The Saudi Food and Drug Authority	Saudi Food and Drug Authority in the Kingdom.
Shantou	Shantou Institute of Ultrasonic Instruments
Shareholders	Any owner of shares in the Company.
Shares	Eighty-five million (85,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share.
Shenzen Territory	Oman and Kuwait, according to the undated agency contract between the Company and Shenzen.
SIBOR	The reference price of the interbank lending cost in Saudi Riyals.
STTCO	Saudi International Trading Co. Ltd.
SOCPA	Saudi Organization for Charted and Professional Accountants
Southern Province	The southern region of the Kingdom, which includes the Asir, Jazan, Najran, and Al-Baha.
Subscribers	The Participating Entities and Retail Investors.
Subscription Application Form	The Subscription Application Form that individual Investors and Participating Parties (as applicable) must fill in to subscribe for the Offer Shares.
Subsidiaries	Al-Dawaa Medical Services Company - Dubai, Höllinz, Rönzac, Glanzzen, and Premier Medical Devices.
Substantial Shareholders	Any person who owns 5% or more of the Company's shares.
Swap Agreements	Non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom, except for foreign legal investors, as per the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities, in accordance with the Instructions for Foreign Strategic Investors' Ownership in Listed Companies, acquire economic benefits in the Shares by entering into swap agreements with Capital Market Institutions to purchase and trade in shares listed on the Exchange on behalf of Foreign Investors. Under the swap agreements, Capital Market Institutions will be the registered legal owner of such Shares.
Telehealth	A way to provide remote health care to members of society by using modern information technology means.
Telemedicine	A means of providing medical diagnostic services to the patient and conducting the examination and inspection process from a distance through technology means
The Company	Al-Dawaa Medical Services Company.
UAE	United Arab Emirates.
Underwriters	GIB Capital, Alinma Investment, and ANB Invest
Underwriting Agreement	The underwriting agreement to be entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.
Valley of the Sun	Valley of the Sun Cosmetics

VAT	On 11/02/1438H , the Council of Ministers decided to approve the Unified GCC Value Added Tax Agreement, effective as of January 1, 2018G, as a new tax to be added to the system of taxes as well as other duties to be applied by specific sectors in the Kingdom and in the GCC countries. The amount of this tax is 5%, and a number of products (such as basic food, healthcare, and education services) were excluded. Effective as of July 1, 2020G, VAT has been further increased to 15% by the Ministry of Finance.
Vision 2030	The National Strategic Economic Program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy, and develop public services.
Wasfaty	An advanced e-service provided by the Company that aims to raise the level of health services and ensure the availability of medicines for patients by linking hospitals and primary health care centers with community pharmacies, so that patients can receive their medicines from the nearest community pharmacy for free.
Western Province	The western region of the Kingdom, which includes Mecca and Medina.
Zakat, Tax and Customs Authority	The Zakat, Tax and Customs Authority (formerly the General Authority of Zakat and Tax).

2- Risk Factors

Prospective investors should carefully consider all information provided in this Prospectus, particularly the following risks prior to deciding to invest in the Offer Shares. The risk factors described below are those that the Company currently believes could affect the Group and any investment in the Offer Shares. The risks described below do not necessarily comprise all the risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks that are not currently known to the Company, or that the Company currently believes to be immaterial. The occurrence of any such risks may materially and adversely affect the Company's business, results of operations, financial condition, and future prospects, the trading price of the Shares and the Company's ability to pay dividends, which may cause investors to lose all or a portion of their investment in the Shares.

The Company's business, results of operations, financial condition, and future prospects may be materially and/or adversely affected, the Company may not be able to pay dividends, the Share price may decrease, and investors may lose all or a portion of their investment in the Shares, if any of the risks referred to below, or any other risks not identified by the Board of Directors or not currently considered material, occur or become material. As a result of these risks or other factors that may affect the Company's business, projected future events and circumstances that have been described in this Prospectus may not happen in the way that the Company and/or the Board Members expect, or at all. Therefore, investors should consider all future statements contained in this Prospectus in light of this interpretation and may not rely on such statements without verifying them (for more information, please see the "**Important Notice**" section on page (i) of this Prospectus).

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

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

The risks stated below are not arranged in an order based on their importance and their expected impact on the Company. There may be additional risks that the Company is currently not aware of, or that the Company currently believes are immaterial, which may in the future have the same effects or consequences stated in this Prospectus. Accordingly, the risks described in this section or in any other section of this Prospectus may not include all risks that may affect the Company or its operations, activities, assets, or the markets in which it operates, and/or include all of the risks relating to investing in the Offer Shares.

2-1 Risks Related to the Company's Business

2-1-1 Risks Related to the Company's Performance in the Retail Pharmaceutical Industry and the Level of Spending

The Company's revenue depends on the product sales of its pharmacies to customers. Accordingly, the Company's business is exposed to risks related to the retail pharmaceutical industry, which is affected by rapid and sometimes unexpected changes in consumer behavior and spending ability, changes in consumer tastes, seasonal fluctuations in demand for its products and services, general economic conditions, including disposable income and tax levels (including VAT, which increased from 5% to 15% as of 11/10/1441H (corresponding to 07/01/2020G), and demographics. If the Company fails to correctly estimate market changes, or does not respond to them properly, this will have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

In particular, the success of the Company's business depends on its ability to continue to offer a comprehensive and integrated range of products and, at the same time, the speed in anticipating and responding to potential changes to consumer needs and choices. In the Kingdom, consumer needs and market trends witness rapid changes. Consumers' acceptance of new products relies on several factors, including the prevailing economic conditions, disposable income, different lifestyles, pricing, applications, technology, and several other factors. In addition, some of the products offered by the Company may not be widely accepted by consumers. The success of the Company's operations depends on its constant ability to select products from suppliers that meet consumer needs. Furthermore, fluctuations in economic factors that are beyond the Company's control, including consumers' borrowing ability, interest rates, unemployment rates, salaries, taxes, and water and electricity charges, may affect consumer spending and demand for products offered by the Company's pharmacies. If the Company fails to respond to market changes, this will adversely affect the Company's business, results of operation, financial condition and prospects.

Developments in the regions where the Company's pharmacies are located, including changes in demographics or those that may affect consumers' ease of access to pharmacies, may affect consumer spending. The majority of consumers use cars to reach the Company's pharmacies. Road closures or diversions due to maintenance or construction work on the roads leading to the Company's pharmacies, or within the surrounding areas, fall beyond the Company's control, and may adversely affect the number of consumers who shop at the Company's pharmacies. In addition, any demographic changes to consumers who live near or around the Company's pharmacies, including changes in per capita income and consumers' preference for specific brands, may adversely affect the consumer spending at the Company's pharmacies.

The Company's business and results of operations may be adversely affected due to changes in the consumer behavior or the purchase method, or in the event of new trends related to retail business. For example, the Kingdom is currently experiencing significant growth in e-commerce. Therefore, consumer spending on online shopping, smartphone apps and other retail channels may increase over time. A shift in spending towards e-commerce and other retail channels may lead to lower consumer traffic and spending in the Company's pharmacies by a higher number of the Company's pharmacies compared to online shopping.

Any decline in the number of consumers or their spending levels due to any of these factors would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-1-2 Risks Related to an Increase in the Company's Operating Expenses

The Company's operating expenses may increase due to a combination of factors, including, but not limited to, higher labor costs, fuel, water and electricity consumption charges, repair and maintenance expenses, insurance premiums, costs of the Company's contracts with its suppliers, and rental costs of properties leased by the Company, all of which are beyond the Company's control. It should be noted that the prices of fuel, water and electricity have increased in the past years. Moreover, the applicable VAT rate in the Kingdom was increased from 5% to 15% as of 11/10/1441H (corresponding to 07/01/2020G). In addition, any increase in the Saudization requirements related to the Company's jobs may lead to an increase in operating expenses. The Company may not be able to make up for this increase through its sales and consumer demand. Any increase in the Company's operating expenses will result in a decrease in its cash flow, profit margins and future expansion. If the Company is unable to cover an increase in its operating expenses, this may result in a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-3 Risks Related to the Company's Inability to Grow in the Future at Historical Rates

The Company witnessed rapid growth during the past year. Net sales and net profit increased by around 25.2% and 18.5%, respectively, in the financial year ended December 31, 2020G, due to the consumers' response to the COVID19pandemic. This led to an increase in total sales and gross profit for pharmaceutical products by 45.1% (or about SAR 565.4 million) and 64.9% (or about SAR 255.1 million), respectively, during the financial year ended December 31, 2020G, driven by an increase in demand for over-the-counter medicines. This also led to an increase in total sales and gross profit for other health products by 23.2% (or about SAR 673.8 million) and 33.8% (or about SAR 331.1 million, respectively, during the financial year ended December 31, 2020G. Increase in total sales and gross profit was due to the convenience of shopping at the Company's pharmacies throughout the curfew period during the COVID-19 pandemic since the Company's pharmacies exist in suitable locations and are not overcrowded. In addition, consumers' response to the COVID-19 pandemic led to an increase in the sales of some COVID-19 prevention products, such as masks and sterilizers, to SAR 133.9 million, with a total profit of SAR 38.4 million in the financial year ended December 31, 2020G. However, gross sales and gross profit decreased by 0.2% and 6.9% between June 30 2020G and June 30, 2021G, mainly due to the waning impact of the COVID-19 pandemic in addition to the increase in discounts granted to one of the Company's semi-government customers and lower profitability related to COVID-19 prevention products and personal care products. Accordingly, the Company's net sales and net profit may not grow at historical rates. Consequently, the Company's growth rate may decrease in the future due to several factors, such as the lower level of consumer spending, the lower footfall for the Company's pharmacies, the Company's inability to achieve growth for its pharmacy network, or increased competition in the market, a decrease in the Company's market share or the market growth in general, the Company's inability to use growth opportunities, or an increase in the Company's operating costs. If the Company's growth rate decreases, this will have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2-1-4 Risks Related to the Company's Expansion Strategy

The Company's future performance depends on its ability to implement its expansion strategy. As per its current strategy, and as at the date of this Prospectus, the Company intends to increase its pharmacies in the Kingdom to one thousand sixty-five (1,065) pharmacies through the expected opening of two hundred and twenty-eight (228) new pharmacies by 2025G. However, the Company may not succeed in implementing such plans and strategies, which will depend on a number of key factors including:

- The Company's ability to find suitable locations for its new pharmacies under favorable terms and conditions;

- Adequate financing (including the financial resources currently available to the Company) under favorable terms;
- The Company's ability to achieve successful integration between new pharmacies and its existing operations;
- The Company's ability to negotiate and secure acceptable terms with suppliers, including its ability to negotiate with suppliers from outside the Kingdom and secure acceptable terms and/or terms similar to those secured by local suppliers;
- The Company's ability to provide a full range of products desired by local consumers at reasonable prices;
- The Company's ability to build effective distribution channels and supply chains that operate efficiently and appropriately to support the expansion of its network of pharmacies;
- The Company's marketing campaigns being effective;
- Any governmental or private construction development plans in the vicinity of the Company's planned sites, such as construction works, which could have an adverse effect on external traffic towards pharmacies, the closure of such roads, and the implementation progress of such works;
- The competition that the Company faces from the existing entities and new entities that may enter the market of its operations;
- The Company's ability to recruit, train and retain highly skilled employees;
- The Company's ability to monitor new processes, reduce costs, and develop controls to maintain quality and service levels;
- The Company's ability to successfully integrate new businesses resulting from any future acquisitions into the Company's operations and culture; and
- The Company having favorable economic, regulatory and market conditions.

As a result of any of these factors, the Company's revenues may not grow as they have been in previous periods and/or the Company may incur some costs without generating the expected revenues from the new pharmacies. Accordingly, the results of the Company's operations will be adversely affected if any of the above factors causes delays, obstructions or prevention of the Company from opening any of its new pharmacies and benefiting from the corresponding benefits. In particular, if the Company does not reach a breakeven point, or if the expected profitability cannot be achieved within the expected time period, the Company may decide to close some pharmacies. New pharmacies may neither generate profits nor achieve the expected investment returns.

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

2-1-5 Risks Related to the Company's Reliance on Leased Properties

The Company relies on leased locations for its pharmacies (for more information about the lease agreements concluded by the Company, please see Section 12-7 "**Real Estate**" of this Prospectus). Since the Company's lease agreements have a fixed term and are renewed at the request of the parties to the contract, any rental increase imposed by the lessors on the Company upon renewal will cause the Company to incur additional unforeseen liabilities, which would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects. It should be noted that some leases concluded regarding the Company's pharmacies branches and the lease for the Company's warehouse in Sakaka have expired in the ordinary course of business, and the Company is still in the process of renewing such leases. The Company may not be able to renew all leases, or such leases may be renewed under different terms and conditions that may not be commensurate with the Company's plan and strategic objectives. If the Company decides to vacate any of its leased locations due to the termination of the leases in accordance therewith and the renewal terms' lack of alignment with the Company's plan, the Company will incur additional costs to select suitable new locations to be leased and transfer its business to such new locations, which could have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-1-6 Risks Related to Finding and Leasing Locations for New Pharmacies on Commercially FavorableTerms

The Company's performance largely depends on the locations of its pharmacies. Therefore, Management takes into account a number of different factors when selecting any new location for one of its pharmacies, including:

- Population density of the regions, cities and neighborhoods in which the Company intends to open new pharmacy locations;
- Its location relative to the main streets or commercial streets that serve high-traffic residential neighborhoods;

- The locations of the Company's current pharmacies, in addition to other pharmacy chains located in the region, city or neighborhood, and the locations of their pharmacies; and
- Its location relative to malls, commercial complexes and other attractions.

The Company secures the locations through lease agreements, as determined on a case-by-case basis. In the future, the Company will need to secure new locations to open more pharmacies. However, the available locations for new pharmacies in line with the Company's objectives may not be available, and the Company is also exposed to the risk of competition for suitable locations for pharmacies. If the Company faces difficulties in securing suitable locations in line with its expansion strategy, the Company's growth opportunities will be adversely affected, which in turn would have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-7 Risks Related to the Seasonal Factors

The Company's revenues are subject to seasonal fluctuations. For example, the consumption of medicines and medical supplies increases during religious occasions, such as the month of Ramadan (for which preparation begins from the middle of Sha'ban every year) and Hajj period (for which preparation begins in the middle of Dhu al-Qi'dah every year). In addition, sales are sometimes affected by the timing of the start and end of the back-to-school season. Sales usually increase in periods preceding the start of the school season. Therefore, the Company may face difficulty in planning its business, which may limit its ability to accurately forecast its future revenues or to set an accurate budget for its operating costs. This will have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-8 Risks Related to Related Party Transactions

In the ordinary course of business, the Company deals with related parties. The Company entered into several related party transactions, including the Company's agency contracts, manufacturing products, insurance policies, business development agreements, tourism services agreements, insurance agreements, and IT service and support agreements. The Company also enters into some other related party transactions, whereby costs are borne by the Company on behalf of related parties or vice versa. Such costs are paid by the relevant party, as the case may be, without the same being recorded in written contracts and without an official and clear mechanism related thereto (for more information about related party transactions, please see Section 12-6 "**Agreements and Transactions with Related Parties**" of this Prospectus). The total related party transactions amounted to one hundred and sixty-three million eight hundred and twenty-nine thousand four hundred and seventy Saudi Riyals (SAR 163,829,470), two hundred and sixty-eight million seven hundred twenty-four thousand eight hundred and forty eight Saudi Riyals (SAR 268,724,848), four hundred and twenty-four million seven hundred and ten thousand two hundred and fifty-six Saudi Riyals (SAR 424,710,256), and two hundred and ninety one million nine hundred fifty-nine nine hundred and seven Saudi Riyals (SAR 291,959,907) for the financial years ended December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, respectively. The Company obtained the approval of the General Assembly for the effective transactions and the agreements at its meeting held on 11/25/1442H (corresponding to 07/05/2021G).

The conclusion of contracts and transactions with related parties is subject to the provisions of the applicable laws and regulations. In accordance with Article 71 of the Companies Law, any transactions in which a Director has a direct or indirect interest must be submitted to the General Assembly for approval. A Director who has an interest in such transactions may not vote on resolutions related to such transactions, whether at the level of the Board of Directors or the Shareholders' Assemblies. Therefore, the Company may not be able to renew the contracts concluded with related parties at the end of their term, as the Board of Directors or the General Assembly may not approve such transactions. In addition, in case related party transactions are not concluded in the future on an arm's length basis, it will adversely affect the Company's business, results of operations, financial condition and future prospects.

It should be noted that the Company entered into a service and support agreement with the Digital Business IT Systems Co., in which the Directors Waleed Mohammed Al-Jaafari, Mohammed Saad Butti Al-Faraj Al-Subaie, Samir Mahmoud Abdulhadi and Hamad Mohammed Huthaili have an indirect interest, to provide information technology support services to the Company, whereby the Company obtained preferential terms. Upon the termination of this agreement, the Company may not continue to obtain preferential terms. In addition, the Company may fail to obtain the approval of the General Assembly thereon in accordance with Article 71 of the Companies Law. Therefore, the Company may have to seek another service provider on terms that may not be better than the terms of the current agreement with the Digital Business IT Systems Co. This would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2-1-9 Risks Related to the Protection of the Company's Trademarks

The Company and its Subsidiaries registered a number of trademarks on which it relies in its business inside and outside the Kingdom amounting to ninety-four (94) trademarks under five hundred and forty-five (545) registrations in several countries. In addition, the Company and its subsidiaries are in the process of completing the registration procedures for one hundred and twenty-eight (128) trademarks in several countries under various classifications (for more information about the Company's trademarks, please see Section 12-8-1 "**Trademarks**" of this Prospectus). If the Company or its Subsidiaries fail to register or renew its trademarks, or if a person objects to the registration of such trademarks, this will harm the Company's business, results of operations, financial condition and future prospects. The Company and its Subsidiaries rely on its ability to continue to use those trademarks, and protect its related rights against any unfair use by third parties.

In the event of a violation of the intellectual property rights of the trademarks of the Company or its Subsidiaries, including their unlicensed use by third parties or failure by the competent authorities to protect them in accordance with the regulations of the relevant countries, this may require the Company or its Subsidiaries to enter into costly proceedings and divert the efforts of some of its technical and administrative staff to such proceedings. In addition, as a result of any dispute relating to its trademark, the Company or its Subsidiaries may be required to enter into franchise or licensing agreements with respect to any such trademark, which may be concluded on unfavorable terms for the Company and its Subsidiaries. Any of these factors will have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects. The occurrence of any similar incidents may have severe consequences, especially in light of the increasing number of consumers of the Company's pharmacies on a daily basis. The occurrence of any of these or similar events, may cause the Company's business to be disrupted, which would have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-10 Risks Related to the Company's Exposure to Unexpected Operational Risks and Trade Barriers

The Company's success depends to a large extent on the continuous operation of its pharmacies without hindrance. The Company's pharmacies are exposed to several risks in relation to the operation of its pharmacies, including bad weather, physical damage to buildings, power outages, malfunctions, equipment failure, lower-than-expected performance, potential business interruption, criminal acts, natural disasters or fires, in addition to other types of risks related to the operation of pharmacies.

In addition, the products may not be delivered to the Company's warehouses and pharmacies due to a number of reasons such as poor handling or traffic congestion, which could lead to the delay or non-receipt of the goods, or product damage, and consequently the disruption of the product supply. This could have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects. If the supply chain is disrupted, the Company's revenues may decrease due to losses or cancellation of important orders resulting from the lack or unavailability of certain products required by customers. These events may prevent products from being available or managed in the places where they are sold or used, which would limit sales or increase costs. This would have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects. If the operations of the Company's pharmacies are disrupted, this may affect the Company's revenues and profitability, which in turn would have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-11 Risks Related to Quality or Health Problems of the Products Offered in the Company's Pharmacies

Concerns surrounding the safety of the products offered by the Company's pharmacies or the safety and quality of the Company's supply chain can cause the Company's customers to avoid purchasing certain products from the Company's pharmacies or seek alternative sources. The negative publicity of such concerns, whether they are based on actual and proven facts or not, and whether they relate to products sold in the Company's pharmacies or not, can discourage customers from purchasing products from the pharmacies, which would result in lower sales in the Company's pharmacies. This would have a material adverse effect on the Company's business and results of operations, financial condition and future prospects.

In addition, the Company's business and reputation may be adversely affected if defective or expired products are supplied, including if counterfeit products infiltrate the supply chain, errors in product packaging, or if the Company has to recall products that do not meet the quality standards to protect the Company's brand and reputation. Errors in the distribution and packaging of pharmaceutical and cosmetic products may result in personal injury or death. The Company may be subject to legal proceedings related to personal injury resulting from the products or pharmaceuticals it sells. If any issues arise out of the products sold by the Company's pharmacies, the limits of coverage under the Company's insurance programs and compensation amounts may not be sufficient to protect it from claims and liabilities. The Company may also not be able to maintain this insurance on favorable terms for the Company in the future. There may be unfavorable outcomes in any future legal and regulatory actions or high litigation costs incurred by the Company in defending such claims. A product recall in the future may result in large or unexpected expenses, damage to product inventory, damage to the Company's reputation, or decline in sales due to product unavailability for a period of time. Any of the above risks would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-1-12 Risks Related to the Company's Reputation

The Company's business depends on its reputation in the market. The Company's reputation may be harmed by several events such as the quality of services and products, the exposure of the Company's pharmacies to negative publicity regarding the safety of the products they sell, disputes with customers, breach of information technology security, or shortcomings in internal control and breach of its obligations, or penalties imposed on it due to non-compliance with the applicable laws. Similarly, the Company's reputation can be damaged by the actions or statements of current or former customers, employees, competitors, suppliers, opponents, or the media. Negative information about the Company, even if it is based on rumors or a misunderstanding, could have an adverse effect on its business. Damage to its reputation may be difficult, costly and time-consuming to be remedied, which may affect the choices of potential or existing customers and lead to their reluctance in choosing the Company's pharmacies, which would lead to losing customers and adversely affecting the business. Damage to the Company's reputation may also reduce the value and effectiveness of the trade name of the Company and its pharmacies, and affect the confidence of investors and its customers therein, which would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-1-13 Risks Related to the Efficiency of the Renovation and Redevelopment of the Company's Pharmacies

The Company must renovate, expand, improve, or redevelop the existing pharmacies on an on-going basis in order to maintain their attractiveness and their continued demand by the Company's customers. Due to the development of the pharmacies sector in the Kingdom, the aspirations, tastes, and choices of customers may change. This may include, but not be limited to, more innovative anticipation and change of design and the anticipation and provision of more diverse range of product options. The Company's pharmacies may not be capable of being renovated in a way that meets such aspirations. In addition, the Company's pharmacies may not be able to effectively compete with the pharmacies of other new and more diversified companies. Even if the Company implements said renovations, the Company may not be able to achieve the targeted revenues. In addition, the higher costs may lead to a decrease in the Company's operating income, which would have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-14 Risks related to the closure of some of the Company's pharmacies

The Company closed a total of twenty-three (23), twenty-two (22), forty-two (42) and eleven (11) pharmacies in the financial years ended December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, which achieved a total sales of about SAR 223.3 million, SAR 172.7 million, SAR 142.4 million, and SAR 7.3 million, respectively, for the same period, with an estimated total profit of about SAR 73.1 million, SAR 55.9 million, SAR 51.3 million and SAR 3.0 million, respectively, for the same period. The closure of these pharmacies is mainly due to their outdatedness, and which the Company aims to replace with larger and better designed pharmacies at new locations, or is due to the high rent value for some pharmacies, intensed competition, or excavation works in the surrounding area that prevents access to them. In the future, the Company may have to close a number of its pharmacies for any reason, including renovation and redevelopment works, the high rental value of their locations, intense competition, or excavation works. Consequently, the Company may lose its revenues from such pharmacies, which it may not be able to compensate by opening new pharmacies in other locations. This would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2-1-15 Risks Related to the Company's Transactions with Government Entities

Some of the Company's business is focused on transactions with government entities, particularly the Company's cooperation with the Ministry of Health and one of the Company's quasi-governmental customers to operate Wasfaty, an electronic prescription platform for doctors in government hospitals and primary care centers, which is used to send a prescription via SMS to their patients who can then obtain their medicines from private pharmacies (for more information, please see Section 12-5 "**Material Agreements**" of this Prospectus). The Company has also cooperated with the Ministry of Health to offer COVID-19 vaccines in its pharmacies. Due to the concentration of some of the Company's business with government entities, the Company's revenues may be affected by the conditions of government entities and the level of government spending related to a number of factors, such as financial or budgetary restrictions, regulatory restrictions, changes in governmental financial or contractual policies, public spending restrictions, a decrease in available government funding, or delay in collecting government credits. In addition, government spending may be affected by political and economic conditions, such as wars, natural disasters, epidemics, and other similar factors. Such factors will have a material effect on the volume, scope, timing, and duration of contracts and purchases, and thus such effect will be reflected on the level of business secured by the Company from the customers. These factors could also lead to the suspension, cancellation, termination or non-renewal of existing contracts, or the Company's delay in collecting its dues from government entities, which could have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-16 Risks Related to the Application of COVID-19 Precautionary Measures

Since late December 2019G, there has been an outbreak of COVID-19, first in China and then globally. COVID-19 is an infectious disease caused by a highly contagious virus causing respiratory infection and other symptoms, such as fever, cough and shortness of breath. The Kingdom's government has taken a number of precautionary measures to curb the consequences of the outbreak of COVID-19. These measures included imposing several protocols that stores must abide by, such as reducing the number of operating hours in line with the curfew hours, and reducing the number of visitors allowed to enter stores, requiring screening at entry gates, and organizing queues and stairs to implement social distancing between stores' visitors to limit the outbreak of COVID-19 (for more information on the economic risks related to COVID-19, please see Section 2-2-6 "**Risks Related to the Impact of COVID-19 on the Economy and the Industries in which the Company Operates**") of this Prospectus. The imposition of precautionary measures related to the COVID19 pandemic or any other infectious disease may lead to a decrease in the revenues of the Company's pharmacies, an increase in the costs related to compliance with the precautionary measures, or an adverse effect on the Company's operations which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2-1-17 Risks Related to Zakat and Tax

The Company submitted its zakat returns until the financial year ended December 31, 2020G, and its VAT returns until 10/19/1442H (corresponding to 05/31/2021G). The Company obtained the final zakat assessments from the Zakat, Tax and Customs Authority up to the financial year ended December 31, 2016G and the final zakat certificates from the Zakat, Tax and Customs Authority for 2020G up to 08/29/1443H (corresponding to 04/30/2022G). However, there are risks that the Zakat, Tax and Customs Authority may require the Company to pay amounts of zakat or additional tax related to the years for which final zakat assessments were not obtained. It should also be noted that a provision for zakat is set aside in accordance with the laws and instructions of the Zakat, Tax and Customs Authority in the Kingdom. The Company's zakat provision amountd to 10.4 million, 12.2 million, 20.3 million and 13.6 million for the financial years ended December 31, 2018G, 2019G and 2020G, and the six-month period ended 30 Jun 2021G, respectively. If the Zakat provision is not sufficient to meet any additional zakat liabilities that may be imposed by the Zakat, Tax and Customs Authority, this will have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects (for more information about the Company's zakat provision, please see Section 6.7.6 (l) "**Zakat Provision**" and Section 6.14.5 (l) "**Zakat Provision**" of this Prospectus).

2-1-18 Risks Related to Continuing Obligations Under Agreements for Operation and Rental of Pharmacies' Licenses

The Company has previously entered into agreements for operating and leasing pharmacy licenses with a number of Saudi pharmacists and non-pharmacists in whose names the pharmacy registrations were recorded. The agreements included clauses under which the Company shall bear any obligations upon the registration holders throughout the term of the agreement, such as the claims of Zakat, Tax and Customs Authority or other similar claims of public and private entities. While these agreements were terminated, the registration holders provided as at the date of this Prospectus, zakat claims with a total of eighteen million nine hundred and thirty-four thousand two hundred and sixty-four Saudi Riyals (SAR 18,934,264) as at the six-month period ended June 30, 2021G. These claims are being challenged, but they have not been determined as at the date of this Prospectus. The Company recognized such amounts as accounts payable to the registration holders on 08/19/1442H (corresponding to 04/01/2021G) and 11/21/1442H (corresponding to 07/01/2021G). There are on-going lawsuits against the registration holders with whom these agreements were concluded, and the Company bears the obligations arising out thereof (for more information, please see Section 12-10 "**Claims and Litigation**" of this Prospectus). If the Company (through the relevant registration holders) does not succeed in its objection to the related zakat claims or if the Company (through the relevant registration holders) loses any of the existing lawsuits, this will have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company transferred all employees to the Company's files with the Ministry of Human Resources and Social Development (the "**Ministry of Human Resources**") and the General Directorate of Passports under such agreements. However, a small number of employees remain un-transferred, and the Company is still in the process of finalizing government transactions related to transferring them. If the Company is unable to transfer them, the Company may be exposed to regulatory violations and penalties imposed thereon by the relevant government entities, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

In addition, the Company had previously entered into lease agreements for the locations of its pharmacies that are subject to pharmacy operation and lease license agreements in the names of the registration holders rather than the Company. As the pharmacy operation and lease license agreements are terminated, the Company is still in the process of transferring the lease agreements related to those pharmacies to its name as at the date of this Prospectus. If the Company fails to transfer these lease agreements to its name, the Company may be exposed to the risk of being unable to claim its rights under such agreements or claim any compensation from the lessors due to their violation of the terms of a lease agreement. The Company may also fail to renew any of these agreements on favorable terms. Consequently, the Company may have to find alternative locations, which may not be available on suitable terms or at all. Any of the above risks would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2-1-19 Risks Related to the Company's Reliance on its Senior Management and Key Personnel

The Company's success depends on the Senior Management and other key employees' continuity of service and performance, as well as their ability to identify, recruit, develop, motivate, and retain qualified employees in the future. In particular, the Company relies on some key individuals who have extensive experience in the retail pharmaceutical industry and who have made significant contributions to the development of its operations. Such sector has intense competition for senior management and key personnel, and the Company may not be able to retain its employees or attract new qualified employees with the necessary skills and knowledge to achieve the Company's goals, which could have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects. In addition, some of the Company's major relationships with suppliers, manufacturers of medicines and medical products, and insurance companies may depend on the continued performance of individual managers or field employees. Therefore, the loss of such individuals' services may jeopardize such relationships.

The Company may need to invest large financial and human resources in order to attract and retain new employees, and it may not achieve returns on these investments. The loss of any members of the Company's Senior Management or key employees could impede or delay the implementation and fulfilment of its strategic objectives, divert the Management's attention to seek certain qualified replacements, or adversely affect its ability to manage its business effectively. In addition, any Senior Management member or key employee may resign at any time. If the Company is unable to recruit and retain senior executives and employees who have high skills in the appropriate areas, this will have a material and adverse effect on its business, results of operations, financial condition and future prospects.

2-1-20 Risks Related to Employees' Misconduct and Errors

The Company's employees may commit acts that may adversely affect the Company's business, including the misuse of the Company's information or systems, disclosure of confidential information, or involvement in the dissemination of misleading information. In addition, the Company may not always be able to prevent its employees from committing acts of serious errors or ensure that they comply with the Company's internal regulations. Any of these acts may cause the Company to incur losses, fines or financial liabilities, or may result in damage to the Company's reputation. Any such fines, losses or claims could adversely affect the Company's profitability. In addition, the negative publicity resulting from the misconduct of the Company's employees could adversely affect the Company's reputation and revenues. Any of the Company's employees committing similar acts will have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-21 Risks Relating to the Company's Reliance on Information Technology Infrastructure

The Company's operations increasingly rely on IT systems. The Company's ability to operate its business effectively depends largely on the reliability and capacity of these systems. Any potential failure by third parties to provide high quality and uninterrupted service is beyond the Company's control. The Company's IT systems may sustain damage caused by computer viruses, natural disasters, intruders or hackers, hardware or software failures, power surges, e-terrorism, and other similar disturbances. In addition, the IT systems used by the Company are relatively the most state-of-art systems and they are subject to further development. If the Company's IT systems fail to function as expected for any reason, or a major breach of security occurs, this will disrupt its business and lead to many negative consequences, including lower effectiveness and efficiency of operations and inappropriate disclosure of confidential or private information, higher overheard costs and loss of important information, which would adversely affect the Company's business, results of operations, financial condition and future prospects. In addition, the Company relies on online network-hosted applications and systems (such as cloud computing) to store, process, and transfer information, which could expose the Company and its employees and customers to the risk of loss, leakage or misuse of such information. The occurrence of disruptions or security breaches could cause the Company to incur significant costs to provide protection against damages arising from such incidents in the future. The Company's business activities could be materially disrupted and its internal controls compromised if any of the Company's information technology systems or communications networks are subject to a complete or partial failure, which would have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-22 Risks Related to the Services Provided to the Company by Third Party Service Providers

In some of its operations, the Company relies on third party service providers such as maintenance service providers and internal transportation of goods service providers. Consequently, the Company's ability to provide its services may be adversely affected in the event of any change in the third party providers' policies and practices such as pricing, payment terms, programming of such services, their frequency, or the increase in the cost of services and other factors beyond the control of the Company. In addition, third party service providers may not always provide satisfactory services that meet the Company's expected standards or may not perform their contractual obligations. The Company may be exposed to lawsuits arising from the third party service providers' acts that may cause damages or harm to the Company's customers or employees, and compensation claims against the Company for such damages. In addition, if third party service providers' contracts are terminated or expired or are not renewed, if the Company fails to negotiate alternative contracts on favorable terms, or if third party service providers cease their operations and the Company fails to replace them in a timely manner at similar prices, this will have an adverse effect on the Company. Any of the above factors would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2-1-23 Risks Related to Newly Implemented Corporate Governance Rules

The Company's Board of Directors approved the Company's Internal Governance Manual on 11/24/1442H (corresponding to 07/04/2021G). The Company's General Assembly approved the Charters of the Audit Committee and the Nomination and Remuneration Committee on 11/25/1442H (corresponding to 07/05/2021G). Such Manual and the charters of the committees include, among other things, the rules and procedures related to corporate governance derived from the CMA's Corporate Governance Regulations. The success of the Company in the proper application of the rules and procedures of corporate governance depends on the knowledge and understanding of such rules and the proper application by the Board of Directors, its committees and the Senior Executives, especially with regard to training related to the Board of Directors and its committees, independence conditions and rules related to conflict of interests and related party transactions. On 05/16/1438H (corresponding to 02/13/2017G), CMA issued the Corporate Governance Regulations, which became effective as of 07/25/1438H (corresponding to 04/22/2017G) and amended the same several times, the last of which was made on 06/01/1442H (corresponding to 01/14/2021G). If the mandatory provisions of the Corporate Governance Regulations and the Company's Internal Governance Manual are not complied with, the Company will be subject to regulatory sanctions, which would have a material and adverse effect on its business, results of operations, financial condition, and future prospects.

Pursuant to the Corporate Governance Regulations, the Company shall establish, in order to implement the internal control system, units or departments to assess and manage risks and internal audit. However, as at the date of this Prospectus, the Company does not have a unit or department to assess and manage risks and internal audit, and the Company has not appointed third parties to perform such tasks and functions. Accordingly, the Company could violate the Corporate Governance Regulations, which may expose it to regulatory penalties to be imposed by the CMA after listing. The Company is also exposed to the risks of not activating its internal control system due to the lack of management supervising its application and following clear responsibility standards and the Company's compliance with the relevant laws and regulations. If such risks materialize, this will have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2-1-24 Risks Related to the Recent Formation of the Audit Committee and the Nomination and Remuneration Committee and Failure to Perform Their Duties as Required

The Audit Committee and the Nomination and Remuneration Committee are newly formed in the Company. The Audit Committee and the Nomination and Remuneration Committee were formed for the first time in the Company on 11/25/1442H (corresponding to 07/05/2021G). They were approved to carry out the specific tasks in accordance with the Corporate Governance Manual (for more information, please see Section 5-4 "**Board Committees**" of this Prospectus). Due to the recent formation of both the Audit Committee and the Nomination and Remuneration Committee, the Company may, through its two committees, improperly implement and conduct the work of such committees. Any failure by the members of these two committees to perform their duties and adopt a work approach that protects the interest of the Company and its Shareholders, will affect its compliance with the corporate governance and continuous disclosure requirements issued by CMA and the ability of the Board of Directors to monitor the Company's business through these two committees. This would have a material and adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-1-25 Risks Relating to the Lack of Experience in Managing a Joint Stock Company Listed on the Exchange

Since its incorporation, the Company has operated as a limited liability company until it was converted into a closed joint stock company on 10/27/1442H (corresponding to 06/08/2021G). Therefore, most of the Company's Senior Executives have limited or no experience at all in managing a joint stock company listed on the Exchange in the Kingdom and complying with the laws and regulations governing such companies. In particular, the internal or external training that Senior Executives receive in managing Saudi public joint stock companies, coupled with the obligations imposed on public companies, such as regulatory supervision and reporting, will require great attention from Senior Executives, which could divert their attention away from the day-to-day management of the Company's business. If the Company does not comply with the regulations and disclosure requirements imposed on listed companies in a timely manner, it will be exposed to regulatory sanctions and fines. The imposition of fines on the Company will materially and adversely affect the Company's business, results of operations, financial condition, and future prospects.

2-1-26 Risks Related to the Inadequacy of Insurance Coverage

The Company maintains various types of insurance policies to cover its operations such as property all-risk insurance, money insurance, employee health insurance, and fiduciary liability insurance (for more information, please see Section 12-9 "**Insurance**" of this Prospectus). The insurance coverage may not be sufficient to cover all cases or risks to which the Company may be exposed. Uninsured losses may occur or their amount may exceed the insurance coverage. In addition, the Company's insurance policies include some exclusions or limitations on coverage. In these cases, the Company would incur losses that could have an adverse effect on its business and results of operations. In addition, if the Company is unable to renew insurance policies within the current scope of coverage and under commercially acceptable terms, or at all, or if there is insufficient or no insurance for the different fields of the Company's business, this will have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-27 Risks Related to the Company's Involvement in Legal Proceedings

The Company, Directors, or members of the Senior Management, may be involved in lawsuits and legal proceedings with many parties, including its suppliers, employees, competitors, regulatory authorities, customers, or lessors. The Company may also be the plaintiff in such proceedings and lawsuits. As at the date of this Prospectus, there are twenty-five (25) existing lawsuits filed by the Company as a plaintiff with potential total financial impact of six million two hundred seventy-three thousand four hundred and ninety-one Saudi Riyals (SAR 6,273,491) in addition to four (4) existing commercial lawsuits filed against the Company with potential total financial impact of up to three hundred and forty-six thousand nine hundred and four Saudi Riyals (SAR 346,904) for two lawsuits, whereas the potential financial impact of the other two commercial lawsuits a have not been determined and are being calculated as at the date of this Prospectus. In addition, there are ten (10) existing labor lawsuits against the Company with various potential total financial impacts, one of which is thirty-one thousand three hundred and seventy-seven (31,377) for one lawsuit as estimated by the Company, whereas the potential financial impact of the other labor lawsuits have not been determined and are being calculated as at the date of this Prospectus (for more information, please see Section 12-10 "**Claims and Litigation**" of this Prospectus). If the rulings on such lawsuits and legal proceedings are not rendered in the favor of the Company, this may have an adverse effect on the Company's business, results of operations, financial condition, and future prospects. In addition, regardless of the outcome of such lawsuits or legal proceedings, companies may incur heavy expenses and have to allocate significant resources to respond to these claims and defend themselves, which could adversely affect the Company's business, results of operations, financial condition, and future prospects.

2-1-28 Risks Related to the Company's Material Contracts

The Company entered into several material contracts such as distribution agreements and manufacturing agreements that the Company concludes with international manufacturers of medical and pharmaceutical products to distribute products in the Kingdom and in the GCC countries or use international brands for the purposes of promoting and selling the relevant products. These agreements are crucial for the Company's activity, as they allow the Company to diversify its products and grant it an advantage over other companies operating in the same sector. The Company also enters into agreements with insurers to provide drug dispensing services to their customers on strict terms (for more information about the Company's material agreements, please see Section 12-5 "**Material Agreements**" of this Prospectus). These material agreements are an integral part of the Company's strategy and objectives, and accordingly, the Company expects that such agreements will be renewed and continue to be valid.

In certain circumstances, the Company may enter into its material agreements on commercial terms that may be unfavorable to the Company, which may, for example, restrict the Company's right to deal with other manufacturers of the same products offered by distribution companies or trademark agents who compete with the products for which the Company obtained trademark agencies in order to limit the commercial competition against their products. Such distribution and agency agreements with the Company, which provide for such restrictions, may limit the opportunity to diversify the Company's products in the future. Therefore, if the Company wishes to conclude distribution or agency agreements with manufacturers of trademarks competing with those with which the Company is committed not to competing, the Company may not be able to enter into such agreements. Otherwise, this shall be a breach under the Company's existing agreements. Consequently, the Company may not be able to distribute its products or it may miss opportunities to achieve profits by distributing other competing products that may be more popular in the Kingdom, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

Many material agreements concluded with the Company, including distribution agreements, trademark agency agreements, and agreements with insurance companies, also entitle companies to terminate these agreements at their discretion and at any time without just cause or upon the expiry of the agreements. Consequently, the contracting parties that are engaged with the Company under many of its material agreements are not legally required to renew these agreements, conclude new agreements with the Company, or continue to execute those agreements. If such parties decide to terminate any or all of these agreements at any time and for any reason or refuse to renew them on terms acceptable to the Company or at all, the Company may not be able to make up for any losses it incurs due to the termination of any of the material agreements. To the extent that the Company cannot maintain its arm's length relationship with these parties, it may lose access to a significant source of revenue, which would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

In addition, the, Company may violate the terms and conditions of its material agreements or that such agreements may, in the future, include more restrictive commercial terms than the existing terms. This may affect the Company's reputation and ability to attract commercial and investment agreements and opportunities in the future, which would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-29 Risks Related to Financing

a) Existing Financing and the Risks of Reliance on Short-Term Borrowings

In financing its business, the Company relies on financing facilities from several commercial banks. The overdrawn bank accounts and the total short-term loans extended to the Company were eight hundred thirty-nine million Saudi Riyals (SAR 839,000,000) as at June 30, 2021G for the purposes of supporting the Company's daily operations and working capital. In addition, all the facilities agreements signed with banks stipulate that the Company shall not make any change to its ownership structure without the prior approval of the banks. The Company has obtained all the required approvals from such banks to complete the Offering (for more information about the Company's financing arrangements, please see Section 12-5-8 "**Financing Agreements**" of this Prospectus).

The financing agreements concluded by the Company include some covenants and restrictions that limit the Company's ability to pay dividends to Shareholders. For example, the Company's financing arrangements with the GIB, Al Rajhi Bank, ANB, and Alinma Bank include restrictions on dividend distribution. The Company may not be able to comply with these covenants and restrictions, and any breach thereof may lead to the accelerated payment of all amounts due under these financings (unless a waiver is granted by the financiers), which would have an adverse effect on the Company's business, results of operations, financial condition, and future prospects.

In addition, if the Company fails to perform any of its obligations under the financing agreements, any confirmation by the Company in such agreements is found to be incorrect or inaccurate, or the Company takes any procedures for bankruptcy, insolvency, financial regulation or restructuring, this will constitute an event of default, whereby the lenders shall be entitled to terminate the agreements and claim the payment of all amounts due. This would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

b) Future Financing

In the future, the Company may need to obtain financing from commercial banks, government lenders and/or other financiers to cover its working capital requirements or implement future growth plans. The Company's ability to obtain loans and facilities from lenders at lower costs or under acceptable terms depends on its future financial position, the global economic conditions, financial market conditions, interest rates, available credit from banks or third-party lenders, and lenders' trust in the Company. The Company may not be able to obtain such financing at all or on reasonable terms for any reason, such as restrictions on any existing financing, lenders' perception of the Company, or the Company's future results of operations, financial position and cash flows. Borrowing at variable interest rates may also make the Company vulnerable to increases in interest and/or commission rates (which may be significantly affected by factors beyond the Company's control, such as monetary and tax policies and global economic and political conditions), and the Company may not guarantee that it will be able to obtain such financings at reasonable terms or at all when necessary. Any increase in interest and commission rates applied by banks, whether fixed or variable, will lead to higher financing costs incurred by the Company, which would adversely affect its future profitability and ability to pay and fulfill its obligations to lenders. As a result, it may not be able to take advantage of business opportunities, such as acquisition opportunities, or respond to changes in market or industry conditions. Any of the above events would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

c) Guarantees Provided by the Selling Shareholders

The credit facilities secured by the Company from a number of commercial banks are subject to guarantees provided by the Selling Shareholders (for more information about the Company's financing agreements, please see Section 12-5-8 "**Financing Agreements**" of this Prospectus). Such agreements provide for events that constitute a breach by the Company of its obligations under those agreements, including matters and events related to the guarantors and their continued acceptance to provide the guarantees. Therefore, if such events occur or these guarantees become inoperative or if there is any change to the guarantors' financial condition, the financing banks may request additional guarantees from the Company that it may not be able to provide. In addition, any of the existing guarantors may withdraw their guarantees or may not renew them, which constitutes a breach by the Company of its obligations under the credit facility agreements. Accordingly, the Company would have to pay all the outstanding amounts of the relevant facilities immediately. The Company may also find it difficult to obtain sufficient alternative funding sources to repay the debts, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2-1-30 Risks Related to Credit Card and Mada Card Payments

The Company accepts payments within its branches or through electronic methods via credit cards or Mada cards that are made through Point of Sale (POS) systems. For credit card and Mada card payments, the Company pays to the relevant financial institutions specific fees that may increase from time to time. If the Company encounters problems with its Point of Sale (POS) hardware and software or in its ability to process payments through any credit or Mada card payment system, this will significantly impair the Company's ability to collect revenue from sales. Any of these factors would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-31 Risks Related to Hedging

The hedging agreements concluded by the Company regarding interest rate fluctuations cover the amounts due under the various financing facilities as at June 30, 2021G. Therefore, these agreements are not sufficient to protect the Company from exposure to risks of interest rate fluctuations. Accordingly, interest rate fluctuations would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

The Company recognized unrealized fair value loss on derivative swap liabilities of SAR 94.9 million in the financial year ended 2020G, due to the decrease in the LIBOR interest rate after the outbreak of the COVID-19 pandemic during 2020G. (For more information, please see Section 6-6-13 "**Fair Value Loss on Derivative Swap Liabilities**" of this Prospectus). While such losses are unrealized, any sharp increase in interest rates that the hedging agreements are unable to prevent will have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-32 Risks Related to the Disclosure of the Company's Annual Financial Statements

Listed companies must prepare and review annual financial statements in accordance with the accounting and auditing standards approved by the SOCPA and disclose them to the public within three (3) months after the end of the annual reporting period, in accordance with Article 63(2.d) of the OSCOs. Before the Company became a public joint stock company and until the issuance of the financial statements for the financial year ended December 31, 2020G, the Company did not comply with Article 63(2.d) of the OSCOs as it was not subject to these rules since was a limited liability company.

Since the Company was converted into a joint stock company after issuing the financial statements for the year ended December 31, 2020G, it must comply with Article 63(2.d) of the OSCOs, starting from the financial statements ended December 31, 2021G. If the Company does not comply with Article 63(2.d) of the OSCOs, it will be subject to fines that can be imposed by CMA,or it may be subject to more stringent measuressuch as the suspension of the trading of the Company's Shares until the Company's results are announced on the Exchange's website. This would have a direct impact on the Share Price and trading and could cause losses that have a material adverse effect on the Company's business and results of operations, financial condition, and future prospects.

2-1-33 Risk Related to Business Income

The Company obtains support from suppliers as an essential part of its activity. This is made through fees imposed on logistical support, participation in marketing campaigns, transportation, education and training for the Company's employees to market products, participation fees, etc. (For more information about commercial revenue, please see Section 6-6-10 "**Cost of Revenue**" of this Prospectus). Business revenue amounted to SAR 362.5 million, SAR 443.1 million, SAR 325.8 million and SAR 211.0 million in the financial years ended December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, respectively, which accounted for 158.8%, 190.0%, 132.2% and 160.1% of the total net income for the same period, respectively. Business revenue increased by

22.2% (with an increase by 2.1% in net income) in the financial year ended December 31, 2019G due to an increase in discount offers, marketing campaigns and discounts offered by suppliers, which was offset by a decrease in business revenue by 26.5% (with an increase by 5.7% in net income) in the financial year ended December 31, 2020G as a result of the consequences of the COVID-19 pandemic on the ordinary course of business and the change in working hours during that period. The financial position of the Company's suppliers may deteriorate in the future and the contractual terms with them may change, or the business conditions achieving this revenue may change since the components of business revenue are not contractually agreed upon with the such suppliers and are agreed before each activity (for more information about contracts concluded with suppliers, please see Section 12-5-1 "**Supply Agreements**" of this Prospectus). Economic challenges may adversely affect the retail sector, which may lead to a decrease in the amount of suppliers. If the Company ceases to benefit from any of the competitive advantages or incentives from the support of suppliers due to a change in contractual terms with them or a decrease in demand for their products or if the Company's relationship with suppliers deteriorates, the Company's profitability will be adversely affected. Therefore, this would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

It is also worth noting that business revenue from the Company's top ten (10) suppliers accounted for 50.3%, 57.1%, 87.9% and 42.0% of the total business revenue achieved in the financial years ended December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, respectively. Therefore, if the Company loses any of its major suppliers for any reason, such as the non-renewal of the contracts concluded with them, the suppliers' exposure to financial default, or an unfavorable change in contractual terms with them, this will result in the Company losing a large part of its business revenue, which in turn would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

In addition, business revenue increased by 3.9% in the six-month period ended June 30, 2021G compared to the six-month period ended June 30, 2020G. However, business revenue recognized in the financial statements for the six-month period ended June 30, 2021G is subject to negotiations with suppliers. Accordingly, the actual business revenue may differ from the business revenue recognized at the discretion of the Company's management. Therefore, the Company may overestimate or underestimate the business revenue for the six-month period ended June 30, 2021G and any future interim financial periods. Business revenue is negotiated with suppliers during the year and the actual business revenue may not be available during the first, second and third quarters of each financial year. If the Company makes material errors related to the estimation of business revenue in its financial statements, this will have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2-1-34 Risks Related to the Company's Reliance on Short-term Loans to Finance Working Capital

Cash sales to customers in the Company's pharmacies accounted for 91.3%, 86.6%, 81.3% and 78.1% of the Company's total sales in the financial years ended December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, respectively. However, the Company relies on short-term loans to finance its working capital due to the gap resulting from delays in the collection of amounts due from insurance companies and the need to pay amounts due to suppliers for products. Amounts due from insurance companies for sales made to their beneficiaries are settled only after thirty (30) to sixty (60) days in accordance with the agreed terms, which are delayed to an average of ninety (90) to two hundred and seventy (270) days in the financial years ended December 31, 2018G and 2019G. In addition, the Company secures a product stock for a period of six (6) months. The payment terms agreed upon with the suppliers require that the due amounts be paid to them within a period of thirty (30) to ninety (90) days. Accordingly, the Company has to withdraw 2-1-29 short-term loans to finance its working capital needs (for more information about the risks related to these loans, please see Section 2-1-29 "**Risks Related to Financing**" of this Prospectus).

In the future, the Company may face difficulties in covering its working capital needs or managing them properly. Credit facilities and financing agreements that the Company has may not be sufficient to cover such needs in the required amount and form. The Company may also fail to renew its financing agreements at all or on appropriate terms, which would result in its inability to manage its working capital in the required manner. This would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-1-35 Risks Related to the Company's Online Activities

To be able to sell its products to customers online, the Company uses a mobile application, which is owned by the Company. The Company entered into a service agreement with the Digital Business IT Systems Co., a related party to the Company, under which the Digital Business IT Systems Co. Ltd. provides support, improvement and development services for the e-commerce platform and the online mobile application. (For a summary of the main provisions of these agreements, please see Section 12-5-7 "**IT Support Agreements**" of this Prospectus). There can be no assurance that the Company's agreement with Digital Business IT Systems Co. will continue to exist in the future on a commercial basis after the expiry of its initial term and/or that the Digital Business IT Systems Co. will comply with the terms and conditions of these agreements (either in part or wholly) (for more details, please see Section 2-1-8 "**Risks Related to Related Party Transactions**" of this Prospectus).

The Company achieved 1.5%, 3.0% and 2% of its net revenues for the two financial years ended December 31, 2019G and December 31, 2020G, and the six-month period ended June 30, 2021G, respectively, through sales via the mobile application and the e-commerce platform. In addition, the Company relies on a variety of other media for promotional activities, including social media (such as Facebook, LinkedIn, YouTube and Twitter), as well as national television advertising campaigns to promote the brand.

The Company's operation of the mobile application and digital platform involves several risks. In the Kingdom, the e-commerce sector is also witnessing rapid growth and thus is exposed to several risks, including the potential imposition of new regulatory restrictions regarding e-commerce activities under the E-Commerce Law and its Implementing Regulations, especially with regard to the protection of personal data of customers (such as the prohibition of the sale of customers' personal data by the Company or Digital Business IT Systems Co.), privacy, and advertising. The Company may not be able to comply with potential imposition of new regulatory restrictions in a timely manner, which could expose it to regulatory penalties and fines such as a warning, financial penalty, or temporary or permanent ban of the Company from conducting its business. If any of the above risks occurs, it will have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-1-36 Risks Related to the Difference Between Disclosures Contained in the Company's Financial Statements and Disclosures Contained in the Financial or Actuarial Reports

The Company relies on annual actuarial reports to perform a quantitative analysis of the sensitivity of critical assumptions, such as for the calculation of employees' end-of-service benefits, which is disclosed within the results in the annual financial statements. As at December 31, 2018G, December 31, 2019G and December 31, 2020G, the balances of employees' end-of-service benefits disclosed in the audited financial statements differed from the balances set out in the actuarial reports. Employees' end-of-service benefit obligations in the audited financial statements were SAR 82.2 million, SAR 89.6 million, and SAR 104.1 million as at December 31, 2018G, 2019G and 2020G, whereas employees' end-of-service benefit obligations in the actuarial reports were SAR 89.9 million, SAR 97.0 million and SAR 110.9 million as at December 31, 2018G, 2019G and 2020G, respectively. These differences resulted from the Company paying advances from the provision for end-of-service benefits to employees who have worked in the Company for more than 10 years. If this difference continues in the future or materially increases, or if there are other differences between the balances of the actuarial reports and the audited financial statements, this may result in a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-1-37 Risks Related to the Assessment of Expected Credit Losses for Receivables

In its policies of sales to insurance companies and distributors, the Company relies on a collection period of thirty (30) to ninety (90) days from the date in which invoices are issued. The assessment model (ECL) for the receivable impairment loss has not yet been applied due to the standard being recently introduced. The Company has not applied the receivable impairment model (ECL) in accordance with the requirements of IFRS for the years 2018G, 2019G and 2020G and the first six months of 2021G. The trade receivables do not bear interest, and accounts receivable related to retail sales that are more than 150 days past due amounted to SAR 4.9 million, which represented 3.2% of the net accounts receivable related to retail sales as at June 30, 2021G. The Company's accounts receivable related to wholesale sales that are more than 150 days past due amounted to SAR 1.9 million, which represented 3.3% of the net accounts receivable related to wholesale sales as at June 30, 2021G.

The Company assesses the provision for expected credit losses in accordance with IFRS 9 - "**Financial Instruments**". The Company reviews its accounts receivable at each reporting date to determine whether a provision for expected credit losses shall be recognized in the consolidated statement of profit or loss. A decision is required to be issued by Management to estimate the amount and timing of future cash flows when determining the level of expected credit losses required. These estimates are based on assumptions about several factors, such as the analysis of the aging of receivable balances, their materiality, the existence of certain collateral or securities, the current and expected condition of the economy and the debtors' credit ratings. The accounting treatment of financial instruments under IFRS 9 is different from IAS 39. IFRS 9 applies new impairment requirements, reclassifies the original measurement categories and applies new measurement categories for each class of the Company's financial instruments.

Any change in the estimates, assumptions or judgments upon the assessment of the expected credit losses of the Company's receivable balances will adversely and materially affect the Company's business, results of operations, financial condition and future prospects.

2-1-38 Risks Related to Poor Inventory Management

The Company relies on its experience in the pharmacy market and knowledge of expected demand for its products to manage its stock of medicines, pharmaceuticals, cosmetics and dietary supplements. Material changes may occur in the demand for products other than what was expected. Demand may be affected by the launch of new products in the market, or changes in product cycles, pricing, changes in customer spending patterns, or the entry of new competitors to the market and other factors. As a result, customers' demands for the Company's products may decline. Consequently, if the Company is unable to accurately estimate the volume of products its customers are looking for or adequately manage production quantities, this will lead to an increase in the inventory. The total inventory for the financial years ended December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G amounted to SAR 1.3 billion, SAR 1.3 billion, SAR 1.3 billion and SAR 1.4 billion, respectively, which represented 43.3%, 41.9%, 37.1% and 37.8% of the Company's total assets for the said periods, respectively. The Company allocated SAR 21.6 million, SAR 15.6 million, SAR 15.6 million and SAR 15.6 million as provisions for slow moving inventory for the said periods, respectively. The Company does not evaluate expired or damaged products. Excess inventory and mismanagement will lead to the possibility of product expiration, which may force the Company to reduce prices to sell its stock before the expiration date. This would negatively affect the Company's business, financial position, results of operations and future prospects.

2-1-39 Risks Related to Commercial Discounts Granted by the Company to Retail and Wholesale Customers

In the ordinary course of business, the Company grants commercial discounts to retail and wholesale customers. Commercial discounts to retail customers amounted to 2.8%, 4.5%, 8.2% and 11.3% of net retail sales as at December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, respectively. Commercial discounts to wholesale customers amounted to 6.5%, 12.7%, 5.8% and 8.5% of net retail sales as at December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, respectively. The inability of the Company to grant commercial discounts to its customers may lead to a decrease in demand for the Company's products. If the Company fails to identify the percentage of the due commercial discounts granted to customers, this may lead to an additional increase in commercial discounts. The failure to identify the percentage of commercial discounts that should be granted to customers would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-1-40 Risks Related to Recognizing the Obligations Resulting from Wholesale Returns Based on the Actual Returns in the Financial Periods Subsequent to the Financial Period for which Statements are being Prepared and which are not Estimated when the Relevant Financial Statements are Prepared

Currently, the Company recognizes obligations arising from the returns of wholesale sales related to the financial periods based on the actual returns. Such returns are tracked and counted in the financial periods subsequent to the periods for which financial statements are prepared. The necessary adjustments are made in the financial periods under preparation, which contributes to attributing them to the relevant sales. These obligations amounted to a total of SAR 2.8 million and SAR 1.2 million as at December 31, 2020G and June 30, 2021G, respectively. Therefore, the obligations are not currently estimated, but their actual value is recognized after they are calculated in subsequent financial periods.

If the Company needs to submit its financial statements immediately after the end of the financial periods to any entity, and it has not estimated such returns due to the fact that they are not counted in the subsequent periods and their value is substantial, this will have a material effect on the value of such obligations in the financial statements, which may affect the accuracy of making financial decisions and do not clearly reflect the extent of such obligations to the reader of the financial statements. This would adversely affect the Company's business, results of operations, financial condition and prospects.

2-2 Risks Related to the Industry in which the Company Operates

2-2-1 Risks Related to the Regulations and Laws of the Industry in which the Company Operates

The Company operates in a highly regulated sector and therefore is subject to the requirements of many laws and regulations, particularly the Law of Pharmaceutical Establishments and Products promulgated by Royal Decree No. M/31dated 06/01/1425H (corresponding to 07/18/2004G) ("**Old Law of Pharmaceutical Establishments and Products**") as replaced by the Law of Pharmaceutical Establishments and Products promulgated Royal Decree No. M/108 dated 08/22/1441H (corresponding to 04/15/2020G) ("**New Law of Pharmaceutical Establishments and Products**"). However, under Paragraph 3 of Royal Decree No. M/108 dated 08/22/1441H (corresponding to

04/15/2020G), the provisions of the Old Law of Pharmaceutical Establishments and Products shall remain in effect with respect to pharmacies and herbal product establishments until specific regulations are issued in this regard. Since no specific regulations have been issued after the issuance of the New Law of Pharmaceutical Establishments and Products regulating pharmacies and herbal product establishments, the provisions of the Old Law of Pharmaceutical Establishments and Products and its Implementing Regulations issued in 1440H shall remain in effect, and the Company must comply with its provisions.

The Old Law of Pharmaceutical Establishments and Products imposes a wide range of requirements that the Company must comply with in relation to its pharmacies, including licensing requirements and requirements related to the ownership structure of pharmaceutical companies. For example, it is required that the ownership of a pharmacy, herbal product establishment, or the center for drug consultation and pharmaceutical analysis be limited to Saudi nationals. Likewise, the owners or a Shareholder in the Company must be a licensed pharmacist, pharmacies must be managed by a licensed Saudi pharmacist, and all pharmacists must have valid licenses for performing the pharmacy practice.

In addition, the New Law of Pharmaceutical Establishments and Products includes requirements that the Company must comply with in relation to the warehouses it operates. The requirements also include that warehouses meet all the conditions and specifications prescribed by the relevant regulations. Pursuant to the Implementing Regulations of the New Law of Pharmaceutical Establishments and Products issued by the Saudi Food and Drug Authority Board pursuant to Resolution No. 1-26-1442 dated 03/22/1442H (corresponding to 11/08/2020G), it is required that the warehouse manager be a full-time pharmacist or pharmacy technician licensed to conduct the pharmacy practice. If a warehouse offers narcotic drugs and psychotropic substances, a licensed Saudi pharmacist must be appointed to be in charge of the same. If the warehouse manager is a pharmacist, a Saudi pharmacist licensed to conduct the pharmacy practice may be appointed to be in charge of narcotic drugs and psychotropic substances.

The Saudi Food and Drug Authority also regulates the pharmaceutical and medical device sector in the Kingdom in accordance with the applicable laws. The Saudi Food and Drug Authority issued several regulations that apply to this sector, such as the pharmaceutical products pricing rules, narcotic and psychotropic substance controls, drug pricing rules, and the principles, requirements and conditions for the registration of pharmaceutical and herbal products and their companies, in addition to a Cosmetic Products Law promulgated by Royal Decree No. M/49 dated 18/06/1436H (corresponding to 07/04/2015G), which regulates cosmetic products, their import and trade in the Kingdom.

As at the date of this Prospectus, the Company is in compliance with all requirements of the applicable laws and regulations. However, if the Company violates any of the requirements of the laws to which it is subject, this may lead to the imposition of penalties on the Company, such as fines that may be imposed by the regulatory authorities or the closure of any of the Company's pharmacies or facilities, which may lead to the disruption of its business and high costs to remedy any breach of the applicable laws and regulations. Any of the above risks would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

In addition, these laws and regulations are subject to continuous change. If the supervisory authorities amend any of these laws and regulations or impose any new obligations that the Company must comply with, the Company may have to incur high costs to comply with them in a timely manner, which would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

In addition, in its capacity as the entity regulating and supervising medicines, medical devices and cosmetic products within the Kingdom, whether they are imported or locally manufactured, the Saudi Food and Drug Authority sets certain regulations and requirements for medicines, medical devices and cosmetic products, including registration, accreditation and import requirements. If any of the imported products that the Company imports do not meet the standards and requirements issued by the Saudi Food and Drug Authority, it may result in a ban on importing them and consequently the Company will not be able to import and sell them in the Company's pharmacies, which would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-2-2 Risks Related to Highly Competitive Factors in the Industry in which the Company Operates

The retail pharmaceutical industry in the Kingdom is very competitive, and the Company expects competition to increase in the future. The Company faces competition from local and international operators of pharmacies and other aspects of retail business in the locations in which the Company currently operates or other locations where it expects to open new pharmacies in the future. In particular, the Company expects that there will be more competition in the future from international operators of pharmacies and pharmaceutical and cosmetic products in light of the recent regulatory reforms adopted by the Kingdom to encourage foreign investment.

The Company's business and results of operations may be adversely affected by the new and long-term trends of the retail pharmaceutical industry. For example, the Kingdom is currently witnessing significant growth in e-commerce. Therefore, customers may spend more on online shopping and smartphone applications or other retail channels in the future. A shift in spending toward e-commerce and other retail channels could lead to a decrease in the Company's pharmacy visitor traffic and customer spending, which in turn would affect revenues from branch sales. While operators of online pharmaceutical and cosmetic retail pharmacies still constitute a small part of the retail distribution sector in the Kingdom, the number of major retailers who accept online orders for their products and deliver them to their customers increased, which leads to more intense competition from the online retailer of pharmaceuticals and cosmetics. The Company's net online sales accounted for 3% of the Company's sales in 2020G. While this percentage is expected to increase in the coming years, the online retailing of pharmaceuticals and cosmetics may be subject to developments, and the online services provided by the Company may not be able to keep pace with the market developments, which may adversely affect the Company's results of operations and competitive strength.

The Company competes with retailers operating in the Kingdom on the basis of some factors: merchandise prices; the extent to which the quality of the pharmacy services and products are acknowledged and the design of the pharmacy; the location and size of the pharmacy; the reputation and quality of brands, merchandise and available products; the quality of customer service, and the ability to understand and respond to customers' needs as quickly as possible. There are also a number of different competitive factors that will have a material adverse effect on the Company's business, results of operations and financial condition, including:

- The adoption of aggressive and competitive pricing strategies, provision of a wide variety of popular merchandise, development of innovative pharmacies or use of innovative retail methods by existing or new competitors;
- New competitors entering in the Company's existing markets and higher competition from other local and international parties, including other retailers;
- The merger of two or more competitors or the formation of strong alliances to enable them to provide more high-quality services; and
- The use of innovative methods for retail sales and the establishment by suppliers of their own pharmacies.

The Company may not be able to effectively outperform current and future competitors. Changes in the competitive environment may cause a decrease in the Company's profit margins and a loss or decrease in its market share, which would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-2-3 Risks Relating to Political Instability and Security Concerns in the Middle East Region

The Company's assets, operations and customer base are situated in the Kingdom and the Middle East region. The wider Middle East and Northern Africa region is subject to a number of geopolitical and security risks that impact the GCC countries and the Middle East, including the Kingdom. For example, the Kingdom has been in a military conflict in Yemen since 2015G, and it cut diplomatic relations with Iran in January 2016G.

As the political, economic, and social environments in the Middle East and Northern Africa region where the Company operates are still subject to continuing developments, investments in such region involve a high degree of uncertainty. Any unexpected changes in the political, social, economic or other conditions in countries within the Middle East and Northern Africa region could have a material adverse effect on the markets in which the Company operates, its ability to retain and attract customers in such regions and investments that the Company has made or may make in the future, which in turn would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-2-4 Risks Related to the Kingdom and the Middle East Economy

The Company's assets and business are concentrated in the Kingdom. Therefore, the Company's financial performance depends on the prevailing economic and political conditions in the Kingdom, in addition to the global economic conditions that in turn affect the Kingdom's economy. The oil sector still has the largest share of the Kingdom's GDP, accounting for 40.7% of the GDP in 2020G. Fluctuations in oil prices may occur, which may adversely affect the Kingdom's economy. It should be noted that the world economy, including the economy of the Kingdom and the Middle East, is currently affected by the COVID-19 pandemic, which led to a significant drop in oil prices in 2020G (for more information about the risks related to this pandemic, please see Section 2-2-6 "**Risks Related to the Impact of COVID19 Pandemic on the Economy and the Industries in which the Company Operates**" of this Prospectus). The economic growth rate in the Kingdom has also witnessed a slowdown by -1.9% in recent years. The Kingdom faces challenges related to the relatively high population growth rates of 1.6% from 2018G to 2020G. All of these factors could have an adverse effect on the Kingdom's economy, which would lead to a material adverse effect on the Company's business, results of operations, financial condition, and future prospects. Any major unexpected changes in the economic or legal environment in the Kingdom or any other countries in the Middle East, including, but not limited to, normal or unexpected market fluctuations, economic recession and insolvency, high unemployment rates, technological shifts and other developments, will result in a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-2-5 Risks Related to Adverse Changes in Financing Cost

The Company obtains financing and facilities from third party financiers such as banks in order to support its daily operations and develop its business. There may be matters beyond the Company's control that affect external financing arrangements and, in particular, the cost of financing, including, among others things, government policies, and monetary and tax policies, as well as local and global economic and political conditions. The increase in the cost of financing leads to higher financing costs and consequently a decrease in the cash flows of the Company and its main subsidiaries, which would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-2-6 Risks Related to the Impact of Covid-19 on the Economy and the Industries in which the Company Operates

Globally, the outbreak of the COVID-19 pandemic has negatively affected the global economy due to the precautionary measures taken by the world's governments to curb the consequences of the outbreak of COVID-19, which led to the imposition of restrictions on travel and movement, and curfews in some cities and regions of the Kingdom for the purpose of social distancing. These precautionary measures have negatively affected the global capital markets, increased the unemployment rates, decreased demand for oil and consequently its prices and consumer spending. The COVID-19 pandemic is expected to adversely affect the growth of the global economy in general, including the Kingdom's economy. The Company's business may be affected by the economic consequences of COVID-19 pandemic on the Kingdom's economy, including adverse effects on the retail pharmaceutical industry such as a decrease in income and its impact on demand in such sectors. If the COVID-19 pandemic continues to exist or any similar future events occur, this will have a material adverse effect on the Kingdom's economy and thus the Company's business, results of operations, financial condition, and future prospects.

2-2-7 Risks Related to Licenses, Permits, and Approvals

The Company must obtain and maintain permits, licenses, and approvals from several government entities to enable it to carry out its business and commercial and pharmaceutical activities. They include licenses, certificates, permits and approvals to be obtained from the Ministry of Commerce, the Ministry of Municipal, Rural Affairs and Housing, the Ministry of Health, the Saudi Food and Drug Authority and all other relevant authorities (for more information about the Company's licenses, please see Section 12-3 "**Material Licenses**" of this Prospectus). To obtain the necessary licenses, the Company is required to fulfill certain conditions. The Company may encounter problems or challenges when obtaining any government approvals or licenses or fulfilling the required conditions to obtain such licenses and approvals. The Company may also encounter problems in complying with the new laws, regulations or policies that may be applied from time to time in the retail pharmaceutical industry, or abiding by the procedures related to issuing the necessary approvals.

If the Company fails to obtain or renew any necessary license for its business, if its licenses expire or are suspended, if any such licenses are renewed under conditions unfavorable to the Company, or if the Company is unable to obtain additional necessary licenses in the future, this will result in the Company being prevented from conducting its business in whole or in part and permanently or temporarily or financial fines to be imposed by the competent government authorities, which would have a material and adverse effect on the Company's business, results of operations, financial condition, and future prospects. It is worth noting that the Company has obtained all the necessary licenses to conduct its business as at the date of this Prospectus, except for the certificate of the safety provision implementation for the Company's warehouse in King Abdulaziz Port in Dammam as well as twenty-nine (29) expired civil defense permits, two (2) expired municipal permits, and three (3) expired pharmacist licenses, which are under renewal as at the date of this Prospectus. the Company is also in the process of issuing one hundred and twenty-one (121) licenses to practice a profession as at the date of this Prospectus. For each approval and license, the Company is required to fulfill certain conditions. The Company may encounter problems or challenges when obtaining any government approvals or fulfilling the required conditions to obtain such licenses and approvals. The Company may also encounter problems in complying with any new laws, regulations or policies that may be applied from time to time in the retail pharmaceutical industry, or abiding by the procedures related to issuing the necessary approvals.

Most of the Company's existing licenses are subject to conditions under which the licenses may be suspended or canceled if the Company fails to meet and comply with such conditions. In addition, the Company may not be able to obtain the approval of the relevant authority when it seeks to renew or amend any license, or that this authority, when approving the renewal, may impose conditions that would adversely affect the performance of the Company. The occurrence of any of these risks would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-2-8 Risks Related to VAT Application

The introduction by the government of new taxes may lead to a decrease in the spending levels of the Company's customers. The government imposed a value-added tax at 5% as of 04/14/1439H (corresponding to 01/01/2018G) and increased it to 15% as of 11/10/1441H (corresponding to 07/01/2020G).

The Kingdom's adoption of VAT led to an increase in the prices of several goods, which could result in a decrease in the spending levels at the Company's pharmacies, especially in the short and medium term. While the effect of the VAT application or its increase to 15% is not fully clear, the VAT, by its nature, is borne by the end consumer. Therefore, the Company expects an increase in the selling price of products. Such increase or any future increase may affect customer spending and competition in the market, which would have an adverse effect on the Company's business, results of operations, financial condition, and future prospects. Given that the VAT and its increase from 5% to 15% or any other potential increase in its rate may lead to a decrease in the spending levels of the Company's customers, this will have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-2-9 Risks Related to Saudization and Other Requirements under the Labor Law

Compliance with the Saudization requirements is required by law in the Kingdom, whereby all companies operating in the Kingdom, including the Company, are obligated to employ and maintain a certain percentage of Saudi employees among their employees. The required Saudization percentages vary according to the companies' activities. The Company is classified under seven (7) categories according to its activities. The Company is classified within the medium green category for the pharmacy entity, the storage entity and the small collection entities. In addition, it is classified within the high green category for the maintenance and operation entity and within the low green category for the wholesale and retail entity and the insurance and business service entity. It is classified within the platinum category for the postal business entity under Nitaqat as at 04/04/1443H (corresponding to 11/09/2021G), which means that the Company complies with the current Saudization requirements. It should be noted that companies complying with these requirements are allowed to obtain work visas. However, the Company may not be able to meet the current or amended requirements of Saudization or other labor regulations in the future,and the minimum wages to which the Company must adhere may increase in the future. In the event of non-compliance with the requirements of Saudization, the Company will be subject to penalties imposed by government entities, such as the suspension of work visa applications and transfer of sponsorship for non-Saudi workers. In addition, the Company may not be able to continue to recruit and retain the required percentage of Saudi nationals ranging from 19% to at least 23% for large companies. In addition, the Company may not be able to provide the required manpower and appoint the required number of Saudi and expatriate workers without incurring additional costs or at all, which would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

It should be noted that the Ministry of Human Resources, in partnership with the Ministry of Health, issued a ministerial decision requiring the gradual Saudization of the pharmacy profession and its affiliated specialties in all labor market activities and its outlets. The first phase aims to Saudize 20% of workers in the profession as of 01/12/1441H (corresponding to 07/22/2020G). The second phase aims to Saudize 30% of workers in the profession as of 01/12/1442H (corresponding to 07/11/2021G). This ministerial decision is applied to entities with expatriate workers in the pharmacy profession exceeding five (5) pharmacists or more. Accordingly, the Company's success depends on its ability to attract and maintain qualified Saudi pharmacists who have the appropriate experience and skills in the pharmaceutical retail sector to enable the Company to comply with the requirements of Saudization and achieve its objectives. If the Company is unable to find Saudi pharmacists who are sufficiently qualified to comply with the Saudization requirements, the Company will be subject to penalties imposed by the Ministry of Human Resources. If the Company is unable to attract and maintain Saudi pharmacists at appropriate wages, this may result in the Company incurring additional costs. Any of the above risks would have a material adverse effect on the Company's business, results of operations, financial condition and future prospects.

2-2-10 Risks Related to Higher Government Fees Imposed on Non-Saudi Employees

In 2016G, the Kingdom's government adopted several decisions to perform comprehensive reforms in the Kingdom's labor market, including imposing additional fees on every non-Saudi worker at a Saudi establishment as of 04/14/1439H (corresponding to 01/01/2018G), as well as an increase in residence permit fees for families of non-Saudi workers as of 10/07/1438H (corresponding to 07/01/2017G). Higher fees of residence permits for families of non-Saudi employees may increase the cost of living, which affects non-Saudi employees. Therefore, these non-Saudi employees may seek to work in other countries with lower costs of living. In this case, it may be difficult for the Company to retain its non-Saudi employees, and it may have to incur additional government fees related to the issuance and renewal of residence permits for non-Saudi employees, which could lead to higher costs to be incurred by the Company. This would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-2-11 Risks Relating to Changes in Prices for Energy, Electricity, Water, and Related Services

As part of the Kingdom's policies for rationalizing the government subsidy program, the Council of Ministers issued Resolution No. 95 dated 03/17/1437H (corresponding to 12/28/2015G), increasing energy prices (including fuel) and electricity, water, and sewage tariffs for the residential, commercial and industrial sectors in 2016G. The Ministry of Energy and Industry issued a directive on 03/24/1439H (corresponding to 12/12/2017G) on the plan of the Fiscal Balance Program to reform the prices of energy products. This led to an increase in the prices of gasoline (91), gasoline (95), diesel fuel for industrial and utility purposes, diesel fuel for transportation, and kerosene, as of 04/14/1439H (corresponding to 01/01/2018G).

The Company's water and electricity expenses were about twenty-nine million five hundred and thirty-four thousand four hundred and eighty-one (29,534,481), thirty-five million four hundred and thirty-five thousand seven hundred and ninety-seven (35,435,797), thirty-four million three hundred and eighty-three thousand nine hundred and five (34,383,905) and seventeen million three hundred and fifty one thousand eight hundred and forty-two (17,351,842) Saudi Riyals in the financial years ended 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, respectively. In addition, the price increases described above, along with any other potential increases, could lead to a decrease in the clients' disposable income in general. Accordingly, the number of the Company's customers may decrease, and its operating expenses may increase accordingly, which would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-2-12 Risks Related to Changes in Government Laws and Policies or How They are Applied

The Company is subject to a range of Saudi laws and regulations administrated by a number of government entities in accordance with government policies and directives. In general, the Company's business may be materially and adversely affected as a result of any potential amendments to the laws, regulations, government policy, administrative directives or their interpretations in the Kingdom, particularly those applicable to the retail pharmaceutical industry in the Kingdom.

The Company cannot anticipate changes in the regulatory environment in the countries in which it operates. This regulatory environment may be subject to many changes due to the change in the tax law, the adoption of stricter anti-monopoly and pricing measures, corporate governance, the lease law, higher customs duties, and other changes. Municipalities may impose additional safety standards that are applied to the Company's pharmacies, which could lead to additional burdens to the Company, whether in terms of time, effort, or money. This would reduce the Company's profits due to the higher costs.

Future amendments to laws and regulations or changes in government policies regarding the industry in which the Company operates may not be favorable to the Company. This includes the issuance of new laws (which, for example, may limit the working hours in the retail sector), or amendment to existing laws or their interpretations or application. Therefore, the legal protection for the Company and its Shareholders is uncertain. All of the previous factors would have a material adverse effect on the Company's business, results of operations, financial condition, and future prospects.

2-3 Risks Related to the Offer Shares

2-3-1 Risks Related to Effective Control Post-Offering by the Selling Shareholders

After the completion of the Offering, the Selling Shareholders will hold fifty-nine million five hundred thousand (59,500,000) Shares, representing 70% of the Company's Share capital. As a result, the Selling Shareholders will be able to control matters requiring the approval of the Shareholders and significantly influence the Company's business, including significant matters, such as the election of Directors, material corporate transactions, dividend distributions, and capital amendments. If the interests of the Selling Shareholders conflict with those of the Company's minority Shareholders (including the Subscribers), the minority Shareholders will be disadvantaged, and the Selling Shareholders may otherwise exercise their control over the Company in a manner that would have an adverse effect on the Company. This, in turn, would have an adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or a portion of their investment in the Company.

2-3-2 Risks Related to the Absence of a Prior Market for the Company's Shares

There is currently no public market for trading the Shares, and there can be no active and sustainable market for the Shares after the Offering. This market, if any, may not continue to exist. If no active and liquid market is developed or maintained, the price of the Shares may be adversely affected.

The Offer Price has been determined based upon a variety of factors that have impacted and may in the future impact the Company and the value of the Shares. Various factors, including the Company's financial results and future business prospects, general conditions in the industry in which the Company operates and the markets in which it competes, economic factors, the regulatory environment and other factors that are beyond the Company's control, may lead to the market price of the Shares being significantly lower than the Offer Price.

2-3-3 Risks Related to Fluctuations in the Market Price of the Shares

The Offer Price may not be indicative of the price at which the Shares will be traded following completion of the Offering, and the Subscribers may not be able to resell the Offer Shares at or above the Offer Price or at all.

The trading price of the Shares may be volatile and may fluctuate significantly in response to a variety of factors, many of which are beyond the Company's control, including:

- Negative fluctuations in the Company's operational performance and improvement in the performance of its competitors.
- Actual or anticipated fluctuations in the Company's quarterly or annual results of operations;
- Downgrades or changes in research coverage by securities research analysts with respect to the Company, its competitors or the industry in which the Company operates;
- The public's reaction to the Company's press releases and other public announcements;
- The failure by the Company or its competitors to meet analysts' projections;
- Additions and departures of key personnel;
- Changes in the business strategy of the Company.
- Changes in the regulatory environment;
- Changes in the applicable accounting rules and policies;
- Political or military developments or terrorist attacks in the Middle East or elsewhere;
- Political, economic, or other developments in or affecting the Kingdom;
- Release or expiry of the Lock-Up Period or other transfer restrictions on the Shares;
- Natural and other disasters; and
- Changes in the general market conditions and economic conditions.

Any of these factors may result in large and sudden changes in the trading volume and market price of the Shares, which, in turn, may lead to an adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or portion of their investment in the Company.

2-3-4 Risks Related to the Company's Ability to Distribute Dividends

The Company may not be able to pay dividends, and the Board of Directors may not recommend and the Shareholders may not approve the payment of dividends for any reasons. The future distribution of dividends will depend on several factors, including, among other things, future profits, financial position, cash flow, working capital requirements, capital expenditures, and distributable reserves of the Company (for more information regarding the Company's dividend distribution policy, please see Section 7 "**Dividend Distribution Policy**" of this Prospectus).

In addition, the Company is subject to the terms of its financing agreements, which may include restrictions on making any dividend payments. For example, the Company's financing agreements with GIB, Al Rajhi Bank, ANB and Alinma Bank include restrictions on dividend distributions. In addition, the Company may incur expenses or liabilities that would reduce or eliminate the cash available for the distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders will not receive any return on investment in the Shares unless they sell the Shares at a price higher than the Offer Price. There is no assurance that the Company will be able to distribute dividends to the Shareholders, or that dividend distribution will be recommended by the Board or approved by the Shareholders, which may have an adverse effect on the Investors' anticipated returns on the investment in the Offer Shares.

2-3-5 Risks Related to Selling a Large Number of Shares in the Exchange

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares. Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a Lock-Up Period of six (6) months from the date of the Company's listing during which they may not dispose of any Shares they own. The sale of a substantial number of Shares by the Substantial Shareholder following the expiry of the Lock-Up Period, or the perception that such sales may occur, would have an adverse effect on the market for the Shares and may result in a lower market price.

Furthermore, if and when the Company decides to raise additional capital by issuing new Shares, the newly issued Shares may adversely affect the price of the Shares in the market and dilute the Shareholders' ownership percentage in the Company if they do not subscribe to the new Shares at that time. The occurrence of any of the foregoing factors would have an adverse effect on the Investors' anticipated returns or may result in the loss of all or a portion of their investment in the Company.

2-3-6 Risks Related to Research Published About the Company

The trading price and volume of the Shares depend in part on the research that securities or industry analysts publish about the Company and its business. If research analysts do not establish and maintain adequate research coverage, or if one or more of the analysts who cover the Company downgrades their recommendations on the Shares or publishes inaccurate or unfavorable research about the Company's business, the market price of the Shares may decline. In addition, if one or more research analysts cease coverage of the Company or fail to publish reports on it regularly, it could lose visibility in the financial markets, which, in turn, could cause the market price for the Shares to decline significantly.

2-3-7 Risks Related to the Inability of Non-Qualified Foreign Investors to Directly Hold Shares

Under applicable regulations, Non-Qualified Foreign Investors wishing to participate in the Offering must enter into swap arrangements with Capital Market Institutions, pursuant to which they acquire an economic benefit in the Offer Shares. Non-Qualified Foreign Investors are able to trade these interests through Capital Market Institutions who will hold a legal title to the Shares. Accordingly, Non-Qualified Foreign Investors will not hold legal title to the Shares, nor will they be able to vote on the Shares in which they hold an economic benefit.

3- Market Overview

The information in this Section is based on the report prepared by the Market Consultant (Frost & Sullivan), exclusively for the Company in 11/17/1442H (corresponding 06/27/2021G). The Market Consultant provides consulting services in multiple sectors, including healthcare, food and beverage, chemicals, automotive, energy, metals, and digital transformation, among others. The Market Consultant was established in 1961G and is headquartered in San Antonio, United States. For more information about the Market Consultant, visit (www.frost.com).

The Market Consultant does not, nor do any of its subsidiaries, sister companies, shareholders, directors, managers, or their relatives, own any shares or any interest of any kind in the Company or its subsidiaries. The Market Consultant has given, and not withdrawn as of the date of this Prospectus, its written consent for the use of its name, logo, statements, market information, and data supplied by it to the Company in the manner and form set out in this Prospectus.

The information in this report is based on an independent market study conducted by the Market Consultant which includes estimates and prospects based on published sources and interviews conducted by the Market Consultant with a number of retailers, suppliers and distributors in the Saudi Arabia and United Arab Emirates markets. The Market Consultant has prepared this report in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. Best practices have been used in line with the industry's requirements through relying on the best market study techniques and methodologies developed by the Market Consultant. The Market Consultant believes that it has used sources of information and methodologies that are appropriate for this study and is not aware of any deficiency or lack of information in the market information that could materially affect the accuracy of the information included herein. Throughout this report market numbers have been rounded to 1 decimal place. The CAGR has been calculated on the actual numbers, and not calculated on the numbers rounded to 1 decimal place. The retail pharmaceutical market numbers for Saudi Arabia do not include LPO/tender data and Other Governmental Hospital (Referral, Military, Saudi ARAMCO, and Teaching Hospitals) retail pharmacy data. Due to the nature of market research techniques and methodologies, the Market Consultant does not guarantee the accuracy of the or completeness of the information included herein, thus it assumes no liability for losses incurred by investors as a result of their reliance on this section.

The Board of Directors consider that the information and data from other sources contained in this Prospectus, including that provided by the Market Consultant, are reliable data and information. However, such information and data has not been independently verified or validated by the Company, the Directors, the Managers, or other advisors, and thus none of them bears any liability for the accuracy or completeness of the information or data.

3-1 Overview of the economy of Saudi Arabia

Saudi Arabia recorded the highest GDP in the Middle East in 2020G, at SAR 2,351.6 billion. After registering negative growth in 2017G, the economy recovered in 2018G driven by higher oil prices and the introduction of Vision 2030 reform initiatives (Vision 2030 is a government roadmap to diversify and strengthen the economy). In 2019G, growth slowed because of a subdued global economy and oil production cuts. In 2020G, the economy went into recession because of the lower oil prices, lower oil output, and Covid-19.

Oil revenues contribute approximately 41% to GDP in 2020G and the Government is working to restructure the economy and grow the non-oil sectors. Vision 2030 initiatives are expected to considerably increase the size of the non-oil sector with the goal to achieve 60% non-oil revenue by 2030G.

The focus on non-oil sector expansion, greater privatization, and rising new investment licenses for foreign companies will continue to drive the economy in the long term.

Economic reforms backed by favourable government polices continue to boost the economy, resulting in high disposable income and higher consumer spending. Whilst this growth has remained moderate in 2019G and 2020G (due to an increase in value added tax, expat levies, fiscal reforms, and Covid-19 induced unemployment), GDP per capita is expected to grow in the medium term, driven by the Government's rapid rollout of Covid-19 vaccines, increasing business sentiment and investor confidence, and a global recovery. A resumption of activities through 2021G will see a steady rise in employment and increased GDP per capita in the medium term, further boosting consumer spending.

Consumer spending increased from SAR 1,118.2 billion in 2018G to SAR 1,157.8 billion in 2019G (CAGR 3.5%), contributing to 38.9% of the GDP in 2019G. Saudi Arabia is characterized as a high spend market due to zero income tax and the Kingdom's large foreign reserves. The country's large percentage of young population is a key driver for the retail and eCommerce sectors, and the growing aged population increases demand for healthcare products and services. The latest data released by the central bank (SAMA) on Point of Sale (POS) transactions reveals that the Point of Sale (POS) transaction for health items has increased from SAR 16.8 billion in 2016G to SAR 29.8 billion in 2020G at a CAGR of 15.4%.

Table (3-1): Macroeconomic Indicators of Saudi Arabia (2018G - 2020G)

Indicator	2018G Actual	2019G Actual	2020G Estimated
Real GDP (100=2010) (SAR billion)(1)	2,631.1	2,639.8	2,531.6
Nominal GDP (SAR billion)	2,949.5	2,973.6	2,553.4
Real GDP Growth (%)(1)	2.4	0.3	(4.1)
Population (million)	33.7	34.2	34.8
GDP per Capita (SAR)	87,516	86,902	73,343
GDP per Capita Growth (%)	12.2	(0.7)	(15.6)
Oil Revenue (100=2010) (SAR billion)	1,137.6	1,096.2	1,056.9
Non-Oil Revenue (100=2010) (SAR billion)	1,478.4	1,527.3	1,459.0
Private Final Consumption Expenditure (SAR Billion)	1,118.2	1,157.8	1,097.9

(1) data are actuals.

Negative numbers are in parenthesis.

Source: The General Authority for Statistics (GaStat), United Nations Population Division, International Monetary Fund, Market Consultant

3-2 Socioeconomic Overview of the Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia is the most populous country in the GCC and the fourth most populous in the Arab World. The expatriate population was around 36.5% of the total population in 2020G. The most populous regions of Saudi Arabia are Makkah Region, Riyadh Region and Eastern Region, where combined population equates to more than 65% of the total population in Saudi Arabia. The metropolitan cities of Riyadh, Jeddah and Makkah all exceed 1 million inhabitants. Approximately 36.5% of Saudi Arabia's inhabitants were expatriates, as of 2020G.

In 2020G the expat levy (a fee charged on expatriate dependents) was increased to SAR 400, from the initial SAR 100 in 2017G. This has resulted in foreign workers leaving the Kingdom and an estimated 1.2 million foreign workers left Saudi Arabia in 2020G. The Government has responded by implementing incentives (e.g. Premium Residency Scheme / "**Saudi Green Card**", and Innovators' Citizenship Program) to retain and attract skilled expats.

Saudi Arabia's population is steadily aging. In 2019G the proportion of the population below 19 years declined from 31.7% in 2018G to 31.1% in 2020G. The proportion of the population aged 65+ has grown from 3.3% in 2018G to 3.5% in 2020G. This continued aging trend of the population will drive an increased need for healthcare and pharmaceutical products and services.

Table (3-2): Socioeconomic Indicators of Saudi Arabia (2018G – 2020G)

Indicator	2018G Actual	2019G Actual	2020G Estimated
Population (million)	33.7	34.2	34.8
Age Group (0 – 14 years), % of Population	25.0	24.9	24.7
Age Group (15 – 29 years), % of Population	23.1	22.5	21.8
Age Group (30 – 64 years), % of Population	48.6	49.4	50.1
Age Group (65+ and above years), % of Population	3.3	3.4	3.5

Negative numbers are in parenthesis.

Source: The General Authority for Statistics (GaStat), United Nation, Market Consultant

The unemployment rate among Saudi Nationals has historically remained high at around 12% annually, resulting in a total unemployment rate of around 6.0-7.0%. Through Vision 2030, "Saudization" initiatives have been launched to increase the proportion of employed Saudi Nationals. Schemes such as Nitaqat (Ministry of Human Resources quota policy) and Tamheer (Human Resources Development Fund job on-the-job training programs) are expected to considerably lower the unemployment rate in the medium term.

Saudization, officially known as the Saudi Nationalization Scheme or Nitaqat Program, is one of the policies of the Ministry of Human Resources to implement a percentage of Saudi nationals who will be employed in companies.

The government has taken substantial steps to increase female participation in the workforce. The removal of gender restrictions for driving, enabling access to childcare centers through the Qurrah program, the removal of restrictions in accessing credit based on gender, and the equalizing of retirement ages for both genders have all contributed to an increase in female labor force participation from 18.6% in 2016G to 30.4% in 2020G, and surpassing the Vision 2030 goal of 30%. Increasing female participation in the workforce will positively reflect on the overall standard of living, Saudi household income, and purchasing power, which will ultimately drive spending capacity.

Table (3-3): Kingdom's unemployment Rate, % of Total Labor Force, by Gender and Nationality (2018G - 2020G)

Indicator	2018G Actual	2019G Actual	2020G Estimated
Total	6.0	5.6	7.8
Saudi	12.9	12.2	14.2
Non-Saudi	0.9	0.4	2.1
Male	3.2	2.5	3.9
Female	20.9	21.0	23.3

Source: The General Authority for Statistics (GaStat), Market Consultant

3-3 Overview of the Saudi Arabian Healthcare System

The Kingdom's healthcare sector is primarily managed by the Government, with an ever growing private sector. Most services are provided by the Ministry of Health; though other Government departments and agencies also provide healthcare facilities to their employees and employee families. Total healthcare expenditure in the Kingdom of Saudi Arabia grew from SAR 187.6 billion in 2018G to SAR 194.8 billion in 2019G with a CAGR of 3.8%, driven by a growing population, an aging population, increased healthcare needs of the community, and investment in additional infrastructure and services.

In 2020G total healthcare expenditure fell slightly, to SAR 183.8 billion. This was due to a reduction in services and operational costs (suspension of elective surgeries, non-emergency admissions, non-urgent outpatient services and associated diagnostic services), driven by the COVID-19 situation. Over the same period, the proportion of Government healthcare spend as a percentage of total healthcare expenditure increased from 61.6% in 2019G to 62.3% in 2020G.

Table (3-4): Healthcare Expenditure in Saudi Arabia (2018G - 2020G)

Indicator	2018G Actual	2019G Actual	2020G Estimated
Total Healthcare Expenditure (SAR billion)	187.6	194.8	183.8
Public Healthcare Expenditure (SAR billion)	117.2	119.9	114.5
Private Healthcare Expenditure (SAR billion)	70.5	74.9	69.3
Healthcare Spend per Capita (SAR)	5,567	5,692	5,281
Population (million)	33.7	34.2	34.8

Source: Saudi Arabia Ministry of Health, World Bank, Market Consultant

To meet the rising healthcare needs of a growing population, both the public and private healthcare sectors are increasing capacity. Public sector hospitals, which on average contain 173 beds per hospital, have grown at a CAGR of 1.6% between 2016G and 2019G, adding an additional 4,426 beds to the public healthcare system. Within the private sector the number of hospitals, which on average contain 116 beds per hospital, has grown at a CAGR 2.6%, adding an additional 1,781 beds to the private healthcare sector. Public sentiment towards existing Ministry of Health facilities is generally lower than that of private institutions, where consumers favor services provided by private institutions. Healthcare capacity will continue to increase in the medium to long term, driven by a wide range of Vision 2030 initiatives, flexible licensing options (min 30 beds), and public private partnerships with Governmental agencies.

The public sector operates hospital pharmacy departments within hospitals, medical cities and specialty centers, and has some pharmacists in Ministry of Health primary care centers (586 pharmacists; 2,261 primary care centers); but does not operate retail pharmacies or eCommerce platforms which provide products and services found in the private retail pharmacy sector. The private sector operates pharmacies in all respects; hospital attached, stand alone, and retail chain pharmacies. Both the public and private sectors have seen an increase in the number of pharmacists, and the private sector has seen an increase of pharmacies.

Within the public sector, the number of pharmacists has grown from 6,240 in 2016G to 7,636 in 2019G, at a CAGR of 7.0%. Within the private sector the total number of pharmacists has grown from 19,309 in 2016G to 24,711 in 2019G, at a CAGR of 8.6%. This growth is driven by the historical undersupply of pharmacists, a growing population, rising healthcare needs of the population, and the healthcare improvement strategies set out in Vision 2030 which is encouraging college and university education in the pharmaceutical sector, and raising the overall standards of the healthcare industry. The number of private sector pharmacy outlets has grown from 8,114 in 2016G to 8,586G in 2019G at a CAGR of 1.9%, and growth is driven by the undersupply of pharmacies within the Kingdom and consumer demand for products and services obtained from retail pharmacy outlets.

In March, 2020G, the Ministry of Health and the Saudi Commission for Health Specialties introduced an ePrescription platform (“**Anaat**”) which enables any physician to issue a prescription in an authenticated manner and consumers to dispense their medications at a pharmacy of their choice.

Table (3-5): Healthcare Supply (2016G - 2019G)

Indicator	2016G Actual	2017G Actual	2018G Actual	2019G Actual	CAGR (2016G - 2019G)
Public Sector (hospitals)	318	329	331	334	1.6%
Private Sector (hospitals)	152	158	163	164	2.6%
Ministry of Health (hospitals)	274	282	284	286	1.4%
Other Governmental Agencies (hospitals)	44	47	47	48	2.9%
Private Providers (hospitals)	152	158	163	164	2.6%
Public Sector (beds)	53,416	55,359	56,342	57,842	2.7%
Private Sector (beds)	17,428	17,622	18,883	19,146	3.2%
Ministry of Health (beds)	41,835	43,080	43,680	44,665	2.2%
Other Governmental Agencies (beds)	11,581	12,279	12,662	13,177	4.4%
Private Providers (beds)	17,428	17,622	18,883	19,146	3.2%
Private Sector (Pharmacies)	8,114	8,720	8,683	8,586	1.9%
Public Sector (Pharmacists)	6,240	6,625	7,194	7,636	7.0%
Private Sector (Pharmacists)	19,309	22,155	22,467	24,711	8.6%

Source: Saudi Arabia Ministry of Health Statistics, Market Consultant

Healthcare insurance was introduced in the Kingdom in 1999G, however it was not mandatory. Since this time the industry has evolved extensively. As part of Vision 2030's goal to improve healthcare services for all residents and expatriates, the Government is adding new legislation and often evolves existing policies. The healthcare insurance sector is governed by the Council of Health Insurance (CCHI), who in turn is governed by the Saudi Central Bank (SAMA). In light of the COVID-19 situation, SAMA quickly drafted legislation to enable tele-medicine coverage, and earlier this year (2021G) this policy was updated to extend tele-medicine cover. Currently coverage is extended until the end of 2021G. One of the recent legislations is mandatory insurance against Covid-19 for travelers.

All working Saudi Nationals, expatriates and their respective families, Hajj pilgrims and visitors to the Kingdom are required to have healthcare insurance.

Gross written medical insurance premiums have been declining, from 2016G premiums worth SAR 16,327 million to 2019G to SAR 14,280 million at a CAGR of (4.4%). Policies for Saudi Nationals are increasing, from 2.9 million in 2017G to 3.4 million in 2020G at a CAGR of 5.4%. In 2018G, the Minister of Health stated the country has set a target for 100% insurance for Saudi Arabian Nationals within five years.

Table (3-6): Healthcare Insurance (2017G - 2020G)

Indicator	2017G Actual	2018G Actual	2019G Actual	2020G Actual	CAGR (2017G - 2020G)
Gross written premiums (SAR million)	16,327	14,908	14,280	—	(6.5%)*
Health Insurance Policies (total, million)	12.3	12.9	11.1	9.9	(6.9%)
Health Insurance Policies (Saudi, million)	2.9	3.1	3.3	3.4	5.4%
Health Insurance Policies (Non-Saudi, million)	9.4	9.8	7.8	6.5	(11.3%)

Note: Gross premium data for 2020 has not yet been published by GaStat

* Gross premium CAGR is 2017-2019

Negative numbers are in parenthesis. CAGR: Compound Annual Growth Rate

Source: The General Authority for Statistics (GaStat), Council of Cooperative Health Insurance

Table (3-7): Healthcare & Pharmaceutical Market (2017G - 2020G)

Indicator	2017G Actual	2018G Actual	2019G Actual	2020G Estimate	CAGR (2017G - 2020G)
Total Healthcare Expenditure (SAR billion)	180.9	187.6	194.8	183.8	0.5%
Total Non-Pharmaceutical Expenditure (SAR billion)	153.2	158.2	164.9	152.2	(0.2%)
Total Pharmaceutical Expenditure (SAR billion)	27.7	29.4	29.9	31.6	4.5%
Public Pharmaceutical Expenditure (SAR billion)	14.2	15.1	15.3	16.2	4.6%
Private Pharmaceutical Expenditure (SAR billion)	13.5	14.4	14.6	15.4	4.4%

Negative numbers are in parenthesis. CAGR: Compound Annual Growth Rate

Source: Saudi Arabia Ministry of Health, World Bank, Market Consultant

3-4 Overview of Retail Pharmaceutical Market in Saudi Arabia

The retail pharmacy market in Saudi Arabia is witnessing substantial growth amounting to SAR 25.3 billion in 2017G and SAR 28.1 billion in 2020G at a compound annual growth rate of 3.5%. The market consists of five segments, (i) prescription drugs, (ii) over-the-counter (OTC) drugs and dietary supplements, (iii) cosmetics, (iv) food supplies and (v) medical supplies. In 2019G the pharmaceutical and OTC segments represented around 69% of the total retail pharmaceutical market. Future growth is estimated across all segments and strongest in prescription drugs, OTC and medical supply segments.

3-4-1 Market Drivers and Challenges

The Pharmaceutical market (prescription and OTC segments) has grown from SAR 16.9 billion in 2017G to SAR 19.1 billion in 2020G at a CAGR of 4.1%. Growth has been driven by an increasing population, which is estimated to have risen from 33.7 million in 2018G to 34.8 in 2020G; an aging population where the proportion of people over 65+ has increased from 3.3% in 2018G to 3.5% in 2020G; growing prevalence in non-communicable diseases (e.g. diabetes, obesity), and increasing incidence of life threatening diseases (e.g. cancer, CVD). These factors will also contribute to future growth as the population will continue to expand and age and disease prevalence will continue to grow in the short to long terms. Future growth will also be driven by increasing demand for complex drugs (e.g. cancer, autoimmune diseases), and increased consumer health consciousness in light of the COVID-19 situation which will see increased demand for immune boosters, neutraceuticals, and dietary supplements.

The cosmetics segment in retail pharmacies has grown from SAR 6.3 billion in 2017G to SAR 6.6 billion in 2020G at a CAGR of 1.6%, driven by a young and aspirational population who invest in grooming, improving their appearance, and health maintenance, the increasing presence of women in the workforce, female preferences for product purchases in pharmacies where trained professionals can guide them on product ingredients, rising consumer awareness and desire for little/no harm to animal products, and halal cosmetics. Future growth will continue to be driven by greater female participation in the workforce and their preferences for cosmetics sold in pharmacies, especially hair & skin products.

The food supplies segment in retail pharmacies grew marginally between 2017G and 2020G, at a CAGR of 0.2% to SAR 1.1 billion. Growth was driven by baby food sales (e.g. premium infant milk products, readymade infant foods, liquid foods for babies, organic baby foods etc.), increased female workforce participation augmented with a busy and stressful lifestyle has seen increased demand for baby food and formulations given consumers are found to be more trusting of products sold in pharmacies. Female workforce participation is expected to continue to increase, which will see continued demand and growth for baby foods and formulations sold in pharmacies.

The medical supplies segment in pharmacies grew from SAR 1.0 billion in 2017G to SAR 1.3 billion in 2020G at a CAGR of 8.9%, driven by an aging population who has greater needs for products like glucometers, BP monitors, crutches, portable ECG machines, and compression stockings. In 2020, the Covid-19 situation caused a sharp increase in demand for medical consumables like masks, gloves, skin disinfectants, sanitizers, and mouth wash. The population is expected to continue aging and this will drive ongoing demand for medical supplies. COVID-19 situation will continue to drive high demand for hygiene related consumables like hand sanitizers, masks, gloves etc. in the short term, and whilst growth will slow slightly, increased medium demand is expected in the mid-term, and demand to lower in the long term.

Online / digital solutions increase accessibility for consumers to access the retail pharmaceutical sector and improve operating margins for retail pharmaceutical companies. The Ministry of Health and Saudi Commission for Health Specialties introduced an ePrescription platform ("**Anaat**") which enables greater consumer choice when selecting a pharmacy to fill their prescription and when combined together with prescription reminders and medication management solutions will see retailers capturing and retaining more market share. Additionally, the Ministry of Health developed the Wasfaty program, an ePrescription platform for physicians in government hospitals and primary care centres to send a prescription via SMS to their patients, who can then obtain their medications in private pharmacies.

Digital loyalty programs capture around 35% of the consumer base for chronic treatment seekers. When combined with program features like points for purchase, discounts on future purchases, health information, access to health clubs, or affiliations with other loyalty rewards programs, it will enable retailers to attract and retain more customers.

The market is highly competitive and fragmented, leading to increased pricing and margin pressures, and has instances of poor inventory management, document tracking systems, supply chain limitations in less populated cities, and eCommerce platforms which are generally not user friendly and contain a limited number of products. Retailers who have a well-regarded brand, strong digital presence and eCommerce platform, a wide range of products available, delivery solutions, innovative digital loyalty programs, and strong inventory management systems are best placed to compete and maintain and grow market share with better profit margins.

Table (3-8): Overview of the Pharmaceutical Retail Market & Segments in Saudi Arabia (2017G - 2020G)

Indicator	2017G Actual	2018G Actual	2019G Actual	2020G Estimate	CAGR (2017G - 2020G)
Retail Pharmaceutical Market (SAR billion)	25.3	26.8	28.4	28.1	3.5%
Prescription Drugs (SAR billion)	14.6	15.8	17.1	16.6	4.3%
OTC (SAR billion)	2.2	2.4	2.6	2.5	3.3%
Cosmetics (SAR billion)	6.3	6.4	6.5	6.6	1.6%
Food Supplies (SAR billion)	1.09	1.14	1.09	1.09	0.2%
Medical Supplies (SAR billion)	1.00	1.09	1.18	1.29	8.9%

CAGR: Compound Annual Growth Rate

Source: Market Consultant

3-4-2 Public vs. Private Pharmaceutical Market

The public sector pharmaceutical market amounted to SAR 4.7 billion in 2017G, and grew to SAR 5.1 billion in 2020G at a CAGR of 3.2%. The public sector is predominately publically driven with more public than private hospitals, where procurement patterns are tender driven for large volumes of drugs. Future growth will be driven by a growing and aging population, greater incidences of non-communicable and chronic diseases, increased government spending, additional infrastructure development, and consumer demand for health supplements, vitamins, nutritional supplements due to COVID-19.

The private sector pharmaceutical market grew from SAR 12.2 billion in 2017G to SAR 14.0 billion in 2020G, also driven by a rising population and growing incidences of non-communicable and chronic diseases, and growing private participation. Future growth will be driven by increasing privatization of the sector, growth in public-private partnerships, increased product portfolios, online platforms, digital solutions, proximity and convenience and proximity of retail pharmacies to homes and commercial precincts, increased health awareness due to Covid-19, nutritional supplements, multivitamins, immune boosters, analgesics, pain relieving gels / ointments, and antifungal creams.

Table (3-9): Public vs. Private Pharmaceutical Market in Saudi Arabia (2017G - 2020G)

Indicator	2017G Actual	2018G Actual	2019G Actual	2020G Estimate	CAGR (2017G - 2020G)
Public Sector Pharmaceuticals Market (SAR billion)	4.7	5.0	5.3	5.1	3.2%
Private Sector Pharmaceuticals Market (SAR billion)	12.2	13.2	14.3	14.0	4.5%
Public Sector Prescription Drugs (SAR billion)	4.4	4.7	5.0	4.8	3.2%
Private Sector Prescription Drugs (SAR billion)	10.2	11.1	12.0	11.8	4.7%
Public Sector OTC (SAR billion)	0.3	0.3	0.3	0.3	2.3%
Private Sector OTC (SAR billion)	2.0	2.1	2.3	2.2	3.5%

CAGR: Compound Annual Growth Rate

Source: Market Consultant

3-4-3 Types of Pharmacy

Standalone pharmacies are becoming less relevant as consumers move to chain pharmacies for the higher number of branches in convenient commercial and shopping locations, repeat purchases for chronic conditions, more diverse product portfolios, the convenience of home delivery, eCommerce platforms, various value added programs offered (e.g. health clubs, health information, consultations, clinics, and disease monitoring programs), and loyalty programs. Additionally, it is expected the implementation of Anat and Wasfaty ePrescription platforms will drive chain pharmacy growth as consumers will have greater flexibility in obtaining their prescription medications from a store of their choice. Hospital attached pharmacies will be driven by inpatient prescription drug needs (e.g. oncology drugs, infusions, auto-immune conditions, injections, and sterile fluids), however some growth will also be driven by greater utilization of AI and automated solutions to drive efficient storage, retrieval, dispensing and packaging.

Table (3-10): Revenue by Pharmacy type in Saudi Arabia (2017G - 2020G)

Indicator	2017G Actual	2018G Actual	2019G Actual	2020G Estimate	CAGR (2017G - 2020G)
Chain Pharmacy Prescription (SAR billion)	7.3	7.9	8.6	8.4	4.8%
Hospital Attached Pharmacy Prescription (SAR billion)	5.6	6.0	6.5	6.3	4.2%
Standalone Pharmacy Prescription (SAR billion)	1.8	1.9	2.0	1.9	2.4%
Chain Pharmacy OTC (SAR billion)	1.6	1.7	1.8	1.8	3.8%
Hospital Attached Pharmacy OTC (SAR billion)	0.4	0.5	0.5	0.5	3.2%
Standalone Pharmacy OTC (SAR billion)	0.2	0.2	0.2	0.2	0.2%

Negative numbers are in parenthesis. CAGR: Compound Annual Growth Rate

Source: Market Consultant

3-5 Overview of Retail Pharmaceutical Market in the UAE

The retail pharmacy market in the UAE has grown from SAR 13.7 billion in 2017G to SAR 16.9 billion in 2020G at CAGR of 7.3%, driven by an increasing population (estimated to have reached 9.9 million in 2020G, up from 9.4 million in 2017G), an aging population, growing medical tourism and very high rates of health insurance. Growth will continue to be driven by these factors, and like Saudi Arabia, demand will increase with growing rates of chronic diseases and non-communicable diseases.

3-5-1 Market Drivers and Challenges

The pharmaceutical market (prescription and OTC segments) grew from SAR 11.1 billion in 2017G to SAR 13.8 billion in 2020G at a CAGR of 7.5%, driven by an increasing population, growing prevalence of non-communicable diseases (e.g. diabetes, hypertension, obesity, asthma, COPD), increasing incidence of life threatening diseases (e.g. cancer, CVD), increased demand for complex drugs (e.g. cancer, autoimmune diseases), growing medical tourism, and broad insurance coverage enabling consumers to easily avail of health and pharmaceutical products and services. Future growth will be driven by and increasing and aging population, increasing prevalence of chronic lifestyle-related diseases, like diabetes, hypertension and obesity, COPD, and asthma; increased demand for immune boosters, neutraceuticals, dietary supplements in lieu of the current COVID-19 situation.

The cosmetics segment in retail pharmacies grew from SAR 1.7 billion in 2017G to SAR 2.0 billion in 2020G at a CAGR of 5.7%, historical growth was driven by a young and aspirational population who invest in grooming, improving their appearance, and health maintenance. Historical and future growth will be driven by female preferences for product purchases in pharmacies where trained professionals can guide them on product ingredients, rising consumer awareness and desire for little/no harm to animal products, and halal cosmetics, and wide availability of products online with home delivery services.

The food supply segment in retail pharmacies grew from SAR 0.45 billion in 2017G to SAR 0.45 billion in 2020G at a CAGR of 0.4%. Growth has been driven by high female workforce participation combined with consumer perception that pharmacies are a trusted source for advice, driving demand for baby food products (e.g. premium infant milk products, readymade infant foods, liquid foods for babies, organic baby foods). This consumer confidence is expected to increase with time and continue to drive the purchase of baby food products and supplements from pharmacies in the long term.

Medical supplies in pharmacies grew from SAR 0.4 billion in 2017G to SAR 0.5 billion in 2020G at a CAGR of 8.8%, driven by products addressing the aged population (e.g. glucometers, BP monitors, crutches, portable ECG machines, and compression stockings), and the Covid-19 situation will drive short to medium term growth in hygiene consumables like masks, sanitizers, skin disinfectants, and gloves.

And like Saudi Arabia, online / digital eCommerce platforms increase accessibility for consumers to access the retail pharmaceutical sector and improve operating margins for retail pharmaceutical companies, digital loyalty programs have a high capture rate for consumers with chronic conditions, and when digital solutions are combined with loyalty program features (e.g. points for purchase, discounts on future purchases, health information, access to health clubs, or affiliations with other rewards programs), enables retailers to attract and retain more customers.

The market is highly competitive and fragmented, leading to increased pricing and margin pressures, and has instances of limited availability of some medicines in smaller cities and remote areas, and a limited number of products on eCommerce platforms. Retailers who have a well-regarded brand, strong digital presence and eCommerce platform, a wide range of products available, delivery solutions, and innovative digital loyalty programs are best placed to compete and maintain market share with enhanced profit margins.

Table (3-11): Overview of the Pharmaceutical Retail Market & Segments in the UAE (2017G - 2020G)

Indicator (SAR billion)	2017G Actual	2018G Actual	2019G Actual	2020G Estimate	CAGR (2017G - 2020G)
Retail Pharmaceutical Market	13.7	14.8	15.9	16.9	7.2%
Prescription Drugs	9.4	10.1	11.0	11.7	7.7%
OTC	1.7	1.9	2.0	2.1	7.3%
Cosmetics	1.7	1.9	1.9	2.0	5.7%
Food Supplies	0.45	0.47	0.45	0.45	0.4%
Medical Supplies	0.41	0.45	0.49	0.53	8.8%

CAGR: Compound Annual Growth Rate

Source: Market Consultant

3-5-2 Public vs. Private Sectors

The public sector pharmaceutical market amounted to SAR 5.6 billion in 2017G, and grew to SAR 6.9 billion in 2020G with a CAGR of 7.4 %. Historical and future growth is primarily driven by government healthcare spend, which accounts for greater than two thirds of total healthcare expenditure, increased production of generic drugs, and greater demand for cell therapies, gene therapies, stem cell therapies, and personalized medicine, health and nutritional supplements, multivitamins and greater consumer awareness as a result of the Covid-19 situation.

The private sector pharmaceutical market grew from SAR 6.3 billion in 2017G to SAR 7.7 billion in 2020G at a CAGR of 7.3%. Growth was driven by increased production of generic drugs, and greater demand for cell therapies, gene therapies, stem cell therapies, and personalized medicine, health and nutritional supplements, multivitamins and greater consumer awareness as a result of the Covid-19 situation. Future growth will also be driven by these factors, and in addition, the increasing numbers of expatriates who are insured and prefer private facilities, increased rates of medical tourism, analgesics, pain relieving gels, and easy to use eCommerce platforms.

Table (3-12): Public vs. Private Pharmaceutical Market in the UAE (2017G - 2020G)

Indicator (SAR billion)	2017G Actual	2018G Actual	2019G Actual	2020G Estimate	CAGR (2017G - 2020G)
Public Sector Pharmaceutical Market	5.6	6.0	6.5	6.9	7.4%
Private Sector Pharmaceutical Market	6.3	6.7	7.3	7.7	7.3%
Public Sector Prescription Drugs	5.2	5.6	6.0	6.4	7.4%
Private Sector Prescription Drugs	5.0	5.4	5.8	6.2	7.6%
Public Sector OTC	0.4	0.5	0.5	0.5	7.5%
Private Sector OTC	1.3	1.4	1.5	1.5	6.1%

CAGR: Compound Annual Growth Rate

Source: Market Consultant

3-5-3 Types of Pharmacy

Like with Saudi Arabia, standalone pharmacies are becoming less relevant as consumers move to chain pharmacies for the wider and more diverse product portfolios, the convenience of home delivery, close proximity to convenient commercial and community shopping locations, eCommerce platforms, medication management solutions for chronic conditions, various value added programs offered (e.g. health information, consultations, clinics, and disease monitoring programs), and loyalty programs. Hospital attached pharmacies are more focused on prescription drugs for chronic conditions, oncology, infusions, auto-immune disease conditions, injections, sterile fluids, and plasma products. Some additional growth is expected due to greater utilization of AI and automated inventory management and dispensing solutions.

Table (3-13): Revenue by Pharmacy type in the UAE (2017G - 2020G)

Indicator (SAR billion)	2017G Actual	2018G Actual	2019G Actual	2020G Estimate	CAGR (2017G - 2020G)
Chain Pharmacy Prescription	5.6	6.0	6.6	7.0	8.0%
Hospital Attached Pharmacy Prescription	3.5	3.8	4.1	4.4	7.4%
Standalone Pharmacy Prescription	1.0	1.1	1.1	1.2	4.8%
Chain Pharmacy OTC	1.1	1.2	1.3	1.4	7.0%
Hospital Attached Pharmacy OTC	0.4	0.5	0.5	0.5	6.4%
Standalone Pharmacy OTC	0.17	0.18	0.19	0.19	3.2%

CAGR: Compound Annual Growth Rate

Source: Market Consultant

3-6 Competitive Landscape within the Retail Pharmacy Market in Saudi Arabia

3-6-1 Overview

The Kingdom's retail pharmacy market can be divided into three (3) segments; chain pharmacies, hospital attached pharmacies, and standalone pharmacies, which together operate 8,586 retail pharmacy outlets as of 2019G. There are six (6) key players in the chain pharmacy segment. Together these chains operate around 2,350 outlets (or 27% of 2019G pharmacy volume). Since 2017G the total number of pharmacies has been reducing, owing mostly to standalone pharmacy closures, whilst chain pharmacies are generally sustaining or expanding their networks. The total number of pharmacists in the private sector has been increasing since 2017G, growing from 22,155 to 24,711 in 2019G demonstrating increasing consumer demand for pharmacist services.

All pharmacies offer prescription medications and OTC drugs and supplements, and most offer cosmetics, food supplies, and medical supplies, although the range of products available is heavily dependent on the size of pharmacy, where chain pharmacies have greater product offerings given their size and ability to cost effectively procure a wider range of products.

3-6-2 Competitive Landscape

Al Dawaa provides a wide range of products and services to its customers; including prescription drugs, OTC drugs and supplements, cosmetics, food supplies, medical supplies as does their competitors. Additional product lines around homeopathy or aromatherapy were found, where in Saudi Arabia, Nahdi offered homeopathy.

Al Dawaa operates one of the largest chain pharmacy group in Saudi Arabia with approximately 837 (as at 30th June 2021G) stores spread across big and small cities, towns and villages. Al Dawaa operates an eCommerce platform which is accessible through a web portal, a mobile phone application and is linked to their Facebook page.

All pharmacy chains operate Facebook, LinkedIn, Instagram, and Twitter accounts to engage with customers, providing product advertising, special discounts and offers, health and wellness promotion and company information.

The company provides remote medical consultations "**internal**" or through a platform where the pharmaceutical consulting service responds to customer inquiries that reach them through the company's pharmacies application, e-mail and through the company's unified number. The company receives a number of consultations, which include pharmaceutical advice, providing items to customers, customer inquiries regarding the online store, and receiving customer complaints. Customers are answered by phone or e-mail, according to the customer's desire.

Al Dawaa offers an extensive range of additional value added services which are of interest to consumers seeking pharmaceutical goods and services, including specialist pharmacists and consultants to provide advice and consultation on medications, weight monitoring, blood sugar monitoring, blood pressure tracking, vaccinations, complete body analysis, and body weight management services.

Al Dawaa has a comprehensive chronic disease and medication compliance solution, Al Dawa'ok, which monitors consumer drug stock levels each month and prompts users when they need to refill their medications. The solution integrates with dispensing and insurance processes so as to enable consumers to quickly and easily collect new medications. No competitors in Saudi Arabia or the UAE were found to have a comprehensive medication management solution (Al Dawa'ok) like that of Al Dawaa.

Al Dawaa offers a market leading loyalty program. The program includes common loyalty program features (points for purchase and points exchange for discount on purchases), value added features including health information, the ability to exchange points in exchange for gifts and prizes, and a unique feature; an affiliation with the Qitaf loyalty program offered by Saudi Telecommunication Company (STC) where members of the Al Dawaa program can use their points to avail of Qitaf program features and benefits.

3-6-3 Market Share

The company's pharmacies, based on revenue estimates in 2019, hold 14.0% of the market share in the Kingdom.

4- Overview of the Company and Nature of its Business

4-1 Overview of the Company

Al-Dawaa Medical Services Company is a Saudi closed joint stock company converted pursuant to the Ministerial Resolution No. 361 dated 10/27/1442H (corresponding to 06/08/2021G) and incorporated under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/8/2001G). The Company's registered address is P.O. Box 4326, Khobar, 31952, the Kingdom.

The Company was established by converting one of the branches of "Mohamed Saad Al Farraj Commercial Services Est.", registered in Khobar under Commercial Registration No. 2051014940 dated 01/16/1412H (corresponding to 07/28/1991G) which is called Al-Dawaa Pharmacies (the first branch of which was opened in 1993G), to a limited liability company on 09/23/1422H. (corresponding to 12/08/2001G), with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two thousand (2,000) shares, with a fully paid nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and it was registered in Khobar under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/08/2001G). On 10/27/1442H (corresponding to 06/08/2021G), the Company was converted from a limited liability company to a closed joint stock company in the name of "Al-Dawaa Medical Services Company ", with a capital of eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. Since its incorporation, the Company's capital has been increased several times. The capital was first increased by virtue of the partners' resolution dated 04/15/1427H (corresponding to 05/13/2006G) from two million Saudi Riyals (SAR 2,000,000) to ten million Saudi Riyals (SAR 10,000,000), divided into ten thousand (10,000) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of eight million Saudi Riyals (SAR 8,000,000) was covered by transferring such amount from the partners' current accounts. On 10/14/1442H (corresponding to 05/26/2021G), the Company's capital was increased from ten million Saudi Riyals (SAR 10,000,000) to eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of eight hundred forty million Saudi Riyals (SAR 840,000,000) was covered by 1) transferring an amount of seven hundred eighty-eight million five hundred thousand Saudi Riyals (SAR 788,500,000) from the retained earnings account; and 2) transferring an amount of fifty-one million five hundred thousand Saudi Riyals (SAR 51,500,000) from the account of the proposed capital increase. (For further details about the Company's history, see Section 4-1-2 "**Corporate History and Evolution of Capital**" of this Prospectus).

The Company's activities are mainly concentrated in the pharmaceutical retail sector. In accordance with the Company's Bylaws and Commercial Registration, the Company's activities consist of the following:

- Real estate activities: Real estate activities with own or leased property.
- Professional, scientific and technical activities:
- Management consultancy activities.
- Advertising
- Construction: Other construction installations.
- Education: Other types of education not classified elsewhere.
- Administrative and support services: Packaging activities.
- Manufacturing:
- Manufacture of pharmaceutical materials, chemical, and plant-based pharmaceutical products.
- Manufacture of radioactive equipment, and medical electric devices.
- Manufacture of medical and dentistry tools and equipment.
- Repair of electronic and optical equipment.
- Transportation and storage:
- Freight transport by road.
- Storage.
- Cargo Handling.
- Other transportation support activities.

- Courier activities not operating under a universal service obligation.
- Wholesale and retail trade; repair of motor vehicles and motorcycles:
- Wholesale for a fee or on a contract basis.
- Wholesale of other household goods.
- Wholesale of computers, computer peripheral equipment, and software.
- Other retail sale in non-specialized stores.
- Retail sale of pharmaceutical, medical goods, cosmetic, and toilet articles in specialized stores.
- Retail sale via mail order houses or via Internet.

The Company's activities pursuant to its commercial registration certificate include:

- Agents involved in the sale of medicines.
- Wholesale of pharmaceutical products.
- Trade of special and healthy food.
- Pharmacies activities.
- Drug warehouses activities.
- Retail sale of medical equipment, tools and supplies.
- Delivery, items delivery and parcels pot activities.
- Provision of marketing services on behalf of others

The Directors declare that, as of the date of this Prospectus, there is no intention to make any fundamental change in the nature of the Company's activity.

4-1-1 Ownership Structure of the Company Pre-and Post the Offering

The Company's current capital amounts to eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The following table illustrates the ownership structure as at the date of this Prospectus:

Table (4-1): Ownership Structure of the Company as at the Date of This Prospectus

#	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Ownership (%)*	Number of Shares	Overall Nominal Value (SAR)	Ownership (%)*
1.	Mawarid Holding Company	42,499,575	424,995,750	49.9995%	29,749,703	297,497,030	34.99965%
2.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz	20,400,000	204,000,000	24%	11,687,203	116,872,030	13.74965%
3.	Mohammed Saad Butti Al-Farraj Al-Subaie	7,862,075	78,620,750	9.2495%	6,800,000	68,000,000	8%
4.	Abdullah Saad Butti Al-Farraj Al-Subaie	7,862,500	78,625,000	9.25%	6,800,000	68,000,000	8%
5.	Waleed Mohammad Abdullah Al-Jaafari	2,125,000	21,250,000	2.5%	1,062,500	10,625,000	1.25%
6.	Hessah Saad Butti Al-Farraj Al-Subaie	2,125,000	21,250,000	2.5%	1,700,000	17,000,000	2%

#	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Ownership (%)*	Number of Shares	Overall Nominal Value (SAR)	Ownership (%)*
7.	Nouf Saad Butti Al-Farraj Al-Subaie	2,125,000	21,250,000	2.5%	1,700,000	17,000,000	2%
8.	Sultan Mahdi Shalash Al-Anazi	425	4,250	0.0005%	297	2,970	0.00035%
9.	Ali Salem Abood Al-Qufail	425	4,250	0.0005%	297	2,970	0.00035%
Total		**85,000,000**	**850,000,000**	**100%**	**59,500,000**	**595,000,000**	**70%**

* Ownership percentages are rounded.

Source: The Company

4-1-2 Corporate History and Evolution of Capital

a) Incorporation (1991G)

The Company was originally established as a sole proprietorship in the name of "**Mohamed Saad Al Farraj Commercial Services Est.**", registered in Khobar under Commercial Registration No. 2051014940 dated 01/16/1412H (corresponding to 07/28/1991G). Mohamed Saad Al Farraj Commercial Services Est. had several activities and branches, including branches named "**Al-Dawaa Pharmacy**" as of 1993.

b) Conversion of the Company from a Branch of a Sole Proprietorship to a Limited Liability Company (2001G)

On 07/15/1422H (corresponding to 02/10/2001G), a branch of Mohamed Saad Al Farraj Commercial Services Est. with a number of nineteen (19) pharmacies in the name of "**Al-Dawaa Pharmacy**" was converted into a limited liability company called "**Al-Dawaa Medical Services Company**" with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two thousand (2,000) shares, with a fully paid nominal value of one thousand Saudi Riyals (SAR 1,000) per share, and it was registered in Khobar under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 08/12/2001G). In conjunction with the incorporation of the Company as a limited liability company, HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, Hessah Saad Butti Al-Farraj Al-Subaie, Nouf Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari became shareholders in the Company. The following table sets out the ownership structure of the Company upon incorporation:

Table (4-2): Company's Ownership Structure Upon Incorporation

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	1,000	1,000	1,000,000	50%
2.	Mohammed Saad Butti Al-Farraj Al-Subaie	740	1,000	740,000	37%
3.	Hessah Saad Butti Al-Farraj Al-Subaie	100	1,000	100,000	5%
4.	Nouf Saad Butti Al-Farraj Al-Subaie	100	1,000	100,000	5%
5.	Waleed Mohammad Abdullah Al-Jaafari	60	1,000	60,000	3%
Total		**2,000**	**1,000**	**2,000,000**	**100%**

Source: The Company

c) Capital Increase (2006)

On 04/15/1427H (corresponding to 05/13/2006G), the Company's capital was increased from two million Saudi Riyals (SAR 2,000,000) to ten million Saudi Riyals (SAR 10,000,000), divided into ten thousand (10,000) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The increase of eight million Saudi Riyals (SAR 8,000,000) was covered by transferring such amount from the partners' current accounts. The following table sets out the ownership structure of the Company following this capital increase:

Table (4-3): The Company's Ownership Structure as of 04/15/1427H (corresponding to 05/13/2006G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	4,800	1,000	4,800,000	48%
2.	Mohammed Saad Butti Al-Farraj Al-Subaie	3,700	1,000	3,700,000	37%
3.	Hessah Saad Butti Al-Farraj Al-Subaie	500	1,000	500,000	5%
4.	Nouf Saad Butti Al-Farraj Al-Subaie	500	1,000	500,000	5%
5.	Waleed Mohammad Abdullah Al-Jaafari	500	1,000	500,000	5%
Total		**10,000**	**1,000**	**10,000,000**	**100%**

Source: The Company

d) Change in Ownership (2008G)

In 2008G, HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj AlSubaie, Hessah Saad Butti Al-Farraj Al-Subaie, Nouf Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari sold two thousand four hundred (2,400) shares, one thousand eight hundred fifty (1,850) shares, two hundred fifty (250) shares, and two hundred fifty (250) shares, respectively, of their shares in the Company, representing a total of five thousand (5,000) shares in the Company and 50% of the Company's capital, to Mawarid Trading Co. in accordance with the partners' resolution dated 04/24/1429H (corresponding to 04/30/2008G). The following table shows the Company's ownership structure following this change in ownership:

Table (4-4): The Company's Ownership Structure as of 04/241429H (corresponding to 04/30/2008G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1.	Mawarid Trading Co.	5,000	1,000	5,000,000	50%
2.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	2,400	1,000	2,400,000	24%
3.	Mohammed Saad Butti Al-Farraj Al-Subaie	1,850	1,000	1,850,000	18.5%
4.	Hessah Saad Butti Al-Farraj Al-Subaie	250	1,000	250,000	2.5%
5.	Nouf Saad Butti Al-Farraj Al-Subaie	250	1,000	250,000	2.5%
6.	Waleed Mohammad Abdullah Al-Jaafari	250	1,000	250,000	2.5%
Total		**10,000**	**1,000**	**10,000,000**	**100%**

Source: The Company

e) Change in Ownership (2012G)

On 01/06/143H. (corresponding to 11/20/2012G), Mawarid Trading Co. transferred all its shares in the Company, which amounted to five thousand (5,000) shares, to Mohammed Saad Butti Al-Farraj Al-Subaie. By virtue of a declaration signed by Mohammed Saad Butti Al-Farraj Al-Subaie on 11/18/1441H (corresponding to 07/9/2020G), he acknowledged that he will hold the shares on behalf of Mawarid Trading Co.; he does not have any associated ownership or investment rights; he may not claim any profits in respect of the shares he holds on behalf of Mawarid Trading Co., and he, without the prior written consent of Mawarid Trading Co., may not take or implement any decision related to increase or decrease of the Company's capital, distribution of annual dividends, or disposal of the Company's accumulated profits. By virtue of a proxy dated 01/05/1434H (corresponding to 11/19/2012G), Mohammed Saad Butti Al-Farraj Al-Subaie confirmed that he will act as agent of Mawarid Trading Co. in respect of the shares he holds on its behalf. The following table sets out the ownership structure of the Company following this change in ownership:

Table (4-5): The Company's Ownership Structure as of 01/06/1434H (Corresponding to 11/20/2012G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1.	Mohammed Saad Butti Al-Farraj Al-Subaie*	6,850	1,000	6,850,000	68.50%
2.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	2,400	1,000	2,400,000	24%
3.	Hessah Saad Butti Al-Farraj Al-Subaie	250	1,000	250,000	2.5%
4.	Nouf Saad Butti Al-Farraj Al-Subaie	250	1,000	250,000	2.5%
5.	Waleed Mohammad Abdullah Al-Jaafari	250	1,000	250,000	2.5%
Total		**10,000**	**1,000**	**10,000,000**	**100%**

* Five thousand (5,000) shares have been registered under the name of Mohammed Saad Butti Al-Farraj on behalf of Mawarid Trading Co. given that Mawarid Trading Co. is the owner of such shares.

Source: The Company

f) Change in Ownership (2016G)

On 09/21/1437H. (corresponding to 06/26/2016G), Mohammed Saad Butti Al-Farraj Al-Subaie sold nine hundred twenty-five (925) shares of his shares in the Company to Abdullah Saad Butti Al-Farraj Al-Subaie. The following table sets out the ownership structure of the Company following this change in ownership:

Table (4-6): The Company's Ownership Structure as of 09/21/1437H (corresponding to 06/26/2016G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1.	Mohammed Saad Butti Al-Farraj Al-Subaie*	5,925	1,000	5,925,000	59.25%
2.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	2,400	1,000	2,400,000	24%
3.	Abdullah Saad Butti Al-Farraj Al-Subaie	925	1,000	925,000	9.25%
4.	Hessah Saad Butti Al-Farraj Al-Subaie	250	1,000	250,000	2.5%
5.	Nouf Saad Butti Al-Farraj Al-Subaie	250	1,000	250,000	2.5%
6.	Waleed Mohammad Abdullah Al-Jaafari	250	1,000	250,000	2.5%
Total		**10,000**	**1,000**	**10,000,000**	**100%**

* Five thousand (5,000) shares have been registered under the name of Mohammed Saad Butti Al-Farraj on behalf of Mawarid Trading Co. given that Mawarid Trading Co. is the owner of such shares.

Source: The Company

g) Change in Ownership and Company's Shares (2019G)

On 03/10/1441H. (corresponding to 11/07/2019G), the nominal value of the Company's shares was reduced from one thousand Saudi Riyals (SAR 1,000) to fifty Saudi Riyals (SAR 50) per share. The number of the Company's shares was increased from ten thousand (10,000) shares to two hundred thousand (200,000) shares. Mohammed Saad Butti Al-Farraj Al-Subaie also sold a share of his shares in the Company to Sultan Mahdi Shalash Al-Anazi and another share to Ali Salem Abood Al-Qufail. The following table sets out the ownership structure of the Company following this change in ownership:

Table (4-7): The Company's Ownership Structure as of 03/10/1441H (corresponding to 11/07/2019G)

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)
1.	Mohammed Saad Butti Al-Farraj Al-Subaie*	118,498	50	5,924,900	59.249%
2.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	48,000	50	2,400,000	24%
3.	Abdullah Saad Butti Al-Farraj Al-Subaie	18,500	50	925,000	9.25%
4.	Hessah Saad Butti Al-Farraj Al-Subaie	5,000	50	250,000	2.5%
5.	Nouf Saad Butti Al-Farraj Al-Subaie	5,000	50	250,000	2.5%
6.	Waleed Mohammad Abdullah Al-Jaafari	5,000	50	250,000	2.5%
4.	Sultan Mahdi Shalash Al-Anazi	1	50	50	0.0005%
8.	Ali Salem Abood Al-Qufail	1	50	50	0.0005%
Total		**200,000**	**50**	**10,000,000**	**100%**

* Five thousand (5,000) shares have been registered under the name of Mohammed Saad Butti Al-Farraj on behalf of Mawarid Trading Co. given that Mawarid Trading Co. is the owner of such shares.

Source: The Company

h) Conversion, Capital Increase, and Change of Ownership (2021G)

On 10/14/1442H. (corresponding to 05/26/2021G), Mohammed Saad Butti Al-Farraj Al-Subaie assigned ninety-nine thousand nine hundred ninety-nine (99,999) shares of his shares in the Company, which represented 49.9995% of the Company's capital, to Mawarid Holding Company. The partners also agreed to increase the Company's capital from ten million Saudi Riyals (SAR 10,000,000) to eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The increase of eight hundred forty million Saudi Riyals (SAR 840,000,000) was covered by 1) transferring an amount of seven hundred eighty-eight million five hundred thousand Saudi Riyals (SAR 788,500,000) from the retained earnings account; and (2 transferring an amount of fifty-one million five hundred thousand Saudi Riyals (SAR 51,500,000) from the account of the proposed capital increase. The Company was also converted from a limited liability company to a closed joint stock company named "**Al-Dawaa Medical Services Company**" pursuant to the Ministerial Resolution No. 361 dated 10/27/1442H (corresponding to 06/08/2021G) announcing the conversion. The following table sets out the ownership structure of the Company upon conversion into a closed joint stock company, capital increase, and change of ownership:

Table (4-8): The Company's Ownership Structure Upon Conversion into a Closed Joint Stock Company

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)*
1.	Mawarid Holding Company	42,499,575	10	424,995,750	49.9995%
2.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	20,400,000	10	204,000,000	24%
3.	Mohammed Saad Butti Al-Farraj Al-Subaie	7,862,075	10	78,620,750	9.2495%
4.	Abdullah Saad Butti Al-Farraj Al-Subaie	7,862,500	10	78,625,000	9.25%
5.	Waleed Muhammad Abdullah Al-Jaafari	2,125,000	10	21,250,000	2.5%
6.	Hessah Saad Butti Al-Farraj Al-Subaie	2,125,000	10	21,250,000	2.5%
7.	Nouf Saad Butti Al-Farraj Al-Subaie	2,125,000	10	21,250,000	2.5%
8.	Sultan Mahdi Shalash Al-Anazi	425	10	4,250	0.0005%
9.	Ali Salem Abood Al-Qufail	425	10	4,250	0.0005%
Total		**85,000,000**	**10**	**850,000,000**	**100%**

* Ownership percentages are rounded.

Source: The Company

4-1-3 Overview of Mawarid Holding Company (A Substantial Shareholder)

Mawarid Holding Company is a limited liability company established on 06/12/1399H (corresponding to 05/09/1979G) in Riyadh, with Commercial Registration No. 1010022389, and operates in the investments' sector. The main activities of Mawarid Holding Company, according to its Commercial Registeration, are focused on distributing, implementing, exploiting and managing agricultural and industrial exports, owning stocks, bonds, shares and others in companies, and owning real estate properties to use them for the company's activities and establishing buildings thereof for investments.The following table illustrates the ownership structure of Mawarid Holding Company as at the date of this Prospectus:

Table (4-9): Ownership Structure of Mawarid Holding Company as at the Date of this Prospectus

#	Shareholder	Number of Shares	Nominal Value per Share (SAR)	Overall Nominal Value (SAR)	Ownership (%)*
1.	HRH Prince Fahad bin Khalid bin Abdullah bin Abdulrahman Al Saud	1,590,908	1	1,590,908	15.90908%
2.	HRH Prince Saud bin Khalid bin Abdullah bin Abdulrahman Al Saud	1,590,908	1	1,590,908	15.90908%
3.	HRH Prince Ahmed bin Khalid bin Abdullah bin Abdulrahman Al Saud	1,590,908	1	1,590,908	15.90908%
4.	HRH Princess Al-Jawhara bint Abdulaziz bin Abdulrahman Al Saud	1,250,000	1	1,250,000	12.5%
5.	HRH Prince Khalid bin Salman bin Khalid bin Abdullah bin Abdulrahman Al Saud	928,030	1	928,030	9.2803%
6.	HRH Princess Fadwa bint Khalid bin Abdullah bin Abdulrahman Al Saud	795,456	1	795,456	7.95456%
7.	HRH Princess Nouf bint Khalid bin Abdullah bin Abdulrahman Al Saud	795,456	1	795,456	7.95456%
8.	HRH Princess Fahada bint Khalid bin Abdullah bin Abdulrahman Al Saud	795,456	1	795,456	7.95456%
9.	HRH Princess Al-Jawhara bint Salman bin Khalid bin Abdullah bin Abdulrahman Al Saud	464,015	1	464,015	4.64015%
10.	HRH Princess Maha bint Abdullah bin Mu-hammad Al Saud	198,863	1	198,863	1.98863%
Total		**10,000,000**	**1**	**10,000,000**	**100%**

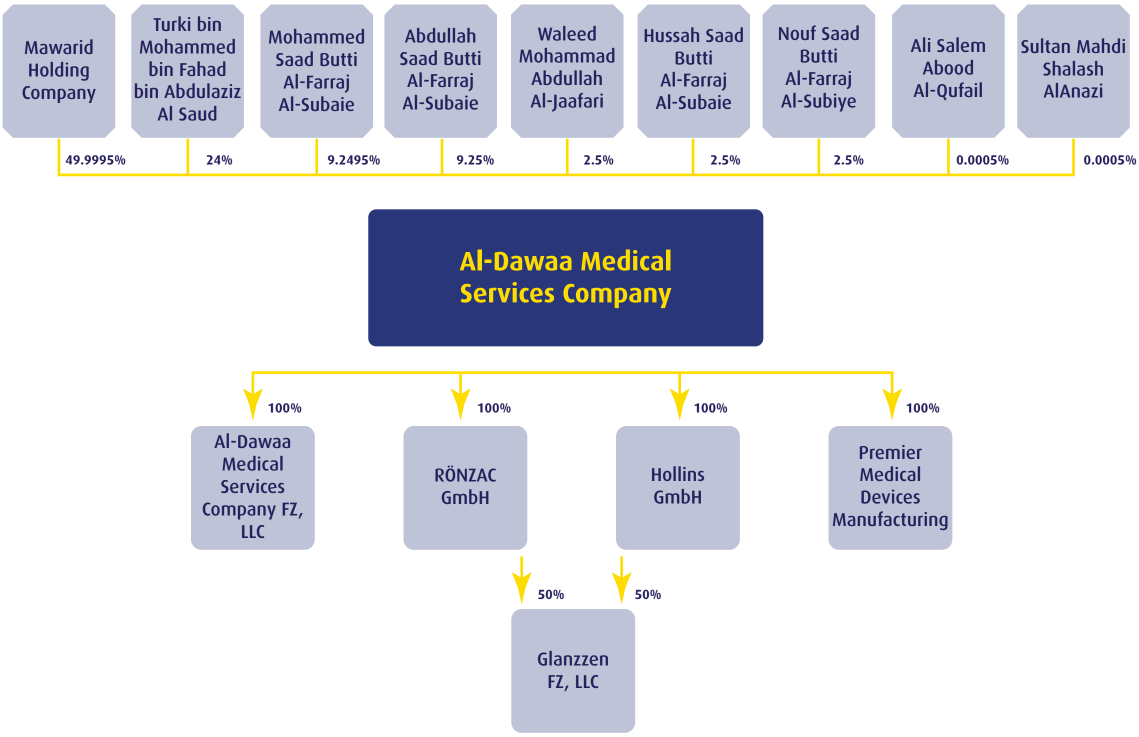
* Ownership percentages are rounded.

Source: The Company

4-1-4 Ownership Structure of the Company

The following chart illustrates the ownership structure of the Company:

Figure (2): Ownership Structure of the Company



Source: The Company

4-2 Company's Vision and Prospects

4-2-1 Vision

To be the leading Company of pharmaceutical and customer service networks in the Kingdom by providing the optimal services and products.

4-2-2 Mission

The Company's mission is to develop a leading multi-channel pharmaceutical network based on a model infrastructure supported by the state-of-the-art technology and equipment, which is supervised and managed by highly experienced professionals, in order to deliver world-class value products, services and consultancy to improve the quality of life and realize the Saudi Vision aimed at creating vibrant societies.

4-2-3 Strengths and Competitive Advantages

a) The Company operates in the largest economy in the Middle East and Northern Africa region and within the biggest retail sector in the region under the comprehensive and visible Saudi Vision 2030

The Saudi economy is the largest and most attractive economy amongst the GCC countries and in the Middle East, with a GDP of about 3.0 trillion Saudi Riyals in 2019G. Consumer spending rose from SAR 1,118.2 billion in 2018G to SAR 1,157.8 billion in 2019G (with a CAGR of 3.5%), which contributed to 38.9% of GDP in 2019G. The Kingdom recorded the highest GDP in the Middle East in 2020G, reaching SAR 2,351.6 billion. Recent data of Saudi Central Bank (SAMA) on point-of-sale transactions revealed that point-of-sale transactions for health supplies increased from SAR 16.8 billion in 2016G to SAR 29.8 billion in 2020G with a CAGR of 15.4%. The Kingdom's market features high spending rates due to the absence of income tax and the Kingdom's high foreign exchange reserves, enhanced by macroeconomic developments and supported by:

- The Kingdom is the most densely populated country in GCC region and the fourth most populous country in the Arab world. A high population growth rate, as the estimated total population of the Kingdom is about 34.8 million people, and the percentage of young people aged 29 years is estimated at less than 47% of the total population as at the end of 2020G. The large young population segment is a key driver of the retail and e-commerce sectors. CAGR is expected to reach 1.4% between 2020G and 2024G.
- Disposable per capita income increased at a CAGR of about 1.8% (in terms of the nominal value) between 2017G and 2019G, and at an expected CAGR of 3.5% (in terms of nominal value) between 2020G and 2024G, due to the general economic growth and empowerment of women in the labor market, along with the expected decline in unemployment rates.
- The continuing trend of horizontal urbanization (with about 84% of the total population residing in cities in 2019G), and the higher number of middle- and high-income families (with the number of high-income families being expected to increase by about 40% between 2020G and 2024G).
- Continued economic reforms that have a positive impact in the Kingdom, including providing investment opportunities for the private sector in multiple economic sectors and activities, increasing investments in infrastructure, developing new economic sectors (such as the tourism and entertainment sector), and encouraging women's participation in the labor market. Increased participation of women in the labor market, removal of restrictions on driving, childcare centers accessible through the Qurrah program, elimination of restrictions on women's access to credit, and equal retirement age for both sexes contributed to increasing women's share in the labor market from 18.6% in 2016G to 30.4% in 2020G, exceeding the Vision 2030 target of 30%. Increased participation of women in the labor market will improve the overall standard of living, Saudi household income, and purchasing power, which will eventually boost spending power.

In 2016G, the Saudi Government announced its new strategy, named "**Vision 2030,**" which includes a comprehensive agenda for social and economic reforms. This strategy aims to diversify the Kingdom's economy and reduce its dependence on revenues from oil-related sectors. Vision 2030 initiatives also include, but are not limited to, stimulating the retail trade sector, increasing the number of Hajj and Umrah visitors, increasing the tourism sector's contribution to the GDP to 10% and increasing spending on cultural and entertainment activities from 3% to 6%.

b) Significant digital and logistical superiority in the retail pharmaceutical sector thanks to the Company's unique supply chain in the local market

The Company owns a large logistics center in Sudair. Among the pharmaceutical networks operating in the Kingdom, this competitive advantage is unique to the Company in terms of size, capacity and 95% automatic handling of all pharmaceutical products as of September 2021 (for further details on the Company's logistics services, see Section 4-3-7 "**Logistics Services**" of this Prospectus).

The following are the most important features of the Company's business, demonstrating its digital and logistical superiority within the supply chains:

- The Company applies a monitoring system, the e-tracking system for pharmaceutical products, which is part of the National Transformation Program (NTP) to adopt and use state-of-the-art technology means in tracking and tracing all human drugs manufactured inside the Kingdom or imported from abroad at all stages until they reach the consumer.
- The Company holds ISO 9001-2015.
- All of the Company's warehouses are approved by Food and Drug Authority.
- The storage area of the Company's warehouses is one hundred forty thousand (140,000) square meters, accommodating over ninety thousand (90,000) Pallets.
- Every day, warehouses receive over four hundred thousand (400,000) units (equivalent to about eight hundred (800) Pallets) or about thirty thousand (30,000) boxes (each box is called a "**tote,**" a storage and shipping unit made of plastic, which is 54 cm long, 24 cm high, and 37 wide). A total of over one million (1,000,000) units is received and delivered per day.
- The Company's fleet of more than six hundred (600) trucks and vehicles with various uses and capacities operate 24 hours a day, covering all regions of the Kingdom with over one hundred fifty thousand (150,000) kilometers and completing approximately one thousand (1,000) deliveries per day.
- The Company's fleet operates with state-of-the-art technology, tracking and routing systems. There are a number of additional sensors in each truck that operate throughout the trip to record all information related to the security, safety and quality of shipments and the quality of the trip itself, connected via satellite to the systems of the Company, the Saudi Food and Drug Authority, and the Ministry of Transport. This mechanism ensures full protection, so that none of the trucks, for example, can open the storage areas before the target is reached; the Company can find it immediately and take the necessary actions at the time.

- Upon completion of the Mechanization and Automation of operations at the Company's main warehouse in Sudair for all pharmaceutical products during 2021G, the Company will be among a very limited number of global players that apply modern technologies for electronic preparation of medicines.

c) A large network of Company-owned pharmacies extending from the Kingdom's north to the south and from the east to the west, supported by the state-of-the-art infrastructure in various aspects of operational business

The Company owns over eight hundred (800) pharmacies situated in thirteen (13) administrative regions and more than one hundred thirty (130) cities, provinces and governorates in the Kingdom. The Company's pharmacies include more than twenty-seven thousand (27,000) products and two thousand (2,000) brands that meet the needs of consumers with a daily turnout of one hundred and seventy-five thousand (175,000) visits to all of the Company's pharmacies. The Company's pharmacies feature large area and highly organized display, allowing consumers to have a smooth and flexible shopping experience that efficiently and effectively meets their needs (for further details on the Company's pharmacies and their design, see Section 4-3-2 "**Al-Dawaa Pharmacies**" of this Prospectus). The Company's pharmacies strive towards a key community message, besides being a center for the sale of medical and non-medical products, and are characterized by the following:

- The service within the Company's pharmacies is provided by a distinguished staff of pharmacists with the highest academic qualifications undergoing continuous training courses and workshops to achieve the highest and most up-to-date levels of health and community care at all times. Therefore, all the Company's pharmacists are highly academically qualified. At the Company's pharmacies, the work of pharmacists goes beyond selling products to being an educational tool for the customer by guiding them to the best methods, practices and means to maintain general health. In addition, the Company has developed several programs that assist and supplement the work of the pharmacist, including Dawa'ok and Family Register, which ensure follow-up of pharmaceutical doses and prevent the customer from conflicting medications at the time of use based on the customer's electronic medication record kept with the Company.
- The Company measures the performance of pharmacists and all its task forces through performance indicators known to them with a view to identifying the needs of their task forces and then developing them through the ongoing training program.

The Company's vast network of pharmacies is also supported by a distinct infrastructure that includes:

- The Company's central warehouses located in Sudair in the Central Province, representing a huge logistics center to support the Company's business, in addition to fourteen (14) other warehouses in different regions of the Kingdom (for further details on the Company's warehouses, see Section 4-3-7 "**Logistics Services**" of this Prospectus).
- Services of delivery to the customer's place or home through "**Al-Dawaa Pharmacies Application**", and online sales through the pharmacies' website as well as through customer service via the Company's toll-free phone number. The Company offers many benefits such as Arbahi via Al-Dawaa Pharmacies Application (for further details on the Company's programs, See Section 4-3-8 "**Marketing**" of this Prospectus).
- A large fleet of customer delivery vehicles and larger vehicles to transfer products between branches, not to mention the Company's heavy transport vehicles that ensure the smooth transport of products from the central warehouse in Sudair and other warehouses to the Company's branches throughout the Kingdom (for further details on the Company's fleet, see Section 4-3-7 "**Logistics Services**" of this Prospectus).
- A highly sophisticated and efficient IT infrastructure designed to connect all business segments in a highly accurate digital manner so that products are monitored and controlled from the moment they enter the Company's warehouses for the first time until they are delivered to the consumer through a very distinct supply chain. An example of the latest programs that support the logistics and delivery sector is Pilot Task Manager.

d) The Company's outstanding financial performance, continuous growth of business, and leading financial and profit position

The Company's financial performance is outstanding, with a strong financial and profit position and steadily growing business. The Company's sales grew by 12.5%, 4.4%, 25.2%, and 2% during 2018G, 2019G 2020G, and the six month period ending on 30 June 2021G, in comparison with the six month period ending on 30 June 2020G, respectively. The Company's gross profit margins reached 38.9%, 40.1%, 37.9% and 36.7% in 2018G, 2019G and 2020G, respectively.

Although COVID-19 contributed to the increase of the Company's sales during 2020G, this increase was slight if compared to the expected normal business growth as a result of changing demand and product quality factors, which became an integral part of the consumer portfolio. The Company's decades-long experience and deep understanding of consumer needs and factors affecting the demand for products, whether medical, luxury, or personal care products, have enabled it to make the best use of consumer demand and maximize its market share within the course of its business. The Company was highly dynamic so that it created added value that improved its activity and growth of profits. At the same time, the increase of the Company's profits and growing sales were also driven by the Company's negotiating capability and its ability to make important strategic decisions at the right time, whether by halting products if found useless, changing suppliers without hesitation, or changing contractual terms in its favor, if necessary, in the long-term interest of the Company and its Shareholders.

e) An active strategic partner for many key public and private entities, with a distinguished leadership role in supporting and implementing the drug safety policy

The Company is proud of its national role in supporting and realizing Saudi Vision 2030 as part of the drug safety policy and spares no effort to harness its potential to this end. The Company's leadership in "**Wasfaty**" program, a key Ministry of Health project, is an example of the Company effectiveness as a strategic partner to harness its potential in the interest of the state and society of all its members and categories. The best evidence of the Company's clear role as a major pillar in the service of society and the state is that its reference pharmacies of about sixty (60) pharmacies situated in several regions in the Kingdom are committed to providing all registered pharmaceutical brands and making them constantly available, as announced on the Saudi Food and Drug Authority's website.

In a related context, the Company performed an outstanding role thanks to its direct contributions, dedicating its pharmacies as centers administering state-authorized COVID-19 vaccines, according to the mechanism in place, through qualified, knowledgeable and trained personnel to ensure that the vaccination is appropriately carried out. Al-Dawaa Pharmacies were, and still are, the only pharmaceutical network of this size and number that received the privilege of administering COVID-19 vaccines in the Kingdom. The Company has dedicated about twenty-six (26) centers to administer the vaccine, and it can give more than two thousand four hundred (2,400) vaccines per day through these centers (for further details on the Company's corporate social responsibility, see Section 4-8 "**Corporate Social Responsibility**" of this Prospectus).

Considering strategic relations within the private sector, the Company is an important strategic partner of the largest companies operating in the region, including STC as part of the Qitaf program. It also deals with most of insurance companies, allowing it to achieve added value since it can serve a very large segment of insurance beneficiaries without exception.

f) The Company's management team with outstanding expertise in the retail sector and pharmaceutical networks

The Company has a management team with extensive expertise in the retail sector and pharmaceutical networks. The management team is highly skilled and has extensive knowledge of the Kingdom and the retail sector at the regional level, including market trends and the competitive environment in this sector. The management team is also well-positioned to lead the Company to implement its future plans for growth and expansion at all future stages of the Company (for further details on the Company's management team, see Section 5-5 "**Executive Management**" of this Prospectus).

4-2-4 Strategy and Prospects

The Group has adopted its strategy with a view to implementing its vision, mission, and strategic themes set out above, as follows:

a) Maintaining the Company's outstanding position in the retail pharmaceutical sector, increasing its market share and preserving the Company's leading role within the concept of community pharmacies

- Maintaining and increasing the Company's market share

According to the market study report prepared by Frost & Sullivan, the Company acquired a large share of the market estimated at 14% at the end of 2019G in terms of revenues, which is a large percentage given the nature of the widespread market accommodating a huge number of players, each with a small number of fragmented pharmacies, except for large networks such as Al-Dawaa Pharmacies (for further details on the Company's market share and the market in which it operates, see Section 3 "**Market Overview**" of this Prospectus). The Company seeks to maintain and increase this share by maintaining and deepening its competitive advantages, as well as increasing the number of its pharmacies. It plans to extend its reach by opening new branches of about eighty-five (85) new branches and closing seventeen (17) branches in 2021G, as well as opening sixty (60) branches and closing fifty (50) branches in 2022G. It should be noted that until 11/09/1441H (corresponding to 06/30/2021G), the Company opened about twenty (20) new pharmacies in 2021G and closed eleven (11) pharmacies. In addition, work is underway to open other pharmacies on schedule, and they are currently under construction, noting that the Company's has leased such new locations.

- **Promoting digitization in operational business and raising the efficiency of supply chains and the Company's human and non-human resources**

Over the past three years, the Company has made a qualitative leap with regard to the use of technology in its business through a clear plan for digitization and use of technology to enhance its business and increase the efficiency of its human and non-human resources. The Company also intends to further promote the use of technology in all aspects of its business, whether sales or logistics in the Company's warehouses, particularly its central warehouse in Sudair, Riyadh (for further details on the Company's warehouses, see Section 4-3-7 "**Logistics Services**" of this Prospectus).

The Company has adopted technology in its central warehouse in Sudair, which is the largest of its kind for any similar company, with an area of over eighty thousand (80,000) square meters, plus the new expansion, which is still under development with an additional area of twenty-three thousand (23,000) square meters. T entry and exit movement of the Sudair warehouse increased from four hundred thousand (400,000) units per day to more than one million (1,000,000) units as part of the first stages of the Mechanization and Automation of business in the Sudair warehouse, 95% of the first stage has been completed as of the date of this Prospectus. Upon completion of the Mechanization and Automation of pharmaceutical products, all of the Company's business in the pharmaceutical logistics products will be totally automated without human intervention. This includes preparing medicines and products in the warehouse automatically and instantly once they enter into the warehouse upon receipt from the suppliers, storing them in their intended place, recalling them and preparing them for distribution to pharmacies or wherever their destination is. The Company will be among a limited number of global players that supply medicines using these technologies. There is no doubt that this shift will have a significant positive impact on improved efficiency of the Company's business and maximization of its profits.

The huge technological shift is unquestionably of great importance given that it meets the requirements of Ministry of Health and the Saudi Food and Drug Authority in terms of adoption of high-precision technology systems to track medicines and pharmaceuticals in general, coupled with the Company's ability to find smooth and easy mechanisms to identify expired products or consignments that the competent official authorities may require to dispose of or suspend, for example, enabling the Company to follow these instructions quickly, effectively and accurately.

In view of the digitization of the health sector and as part of Ministry of Health's initiative to reduce patients' visits to hospitals, the Company has taken decisive steps to start providing Telemedicine and Telehealth services, in the framework of the Company's initiative to provide beneficiaries with all their medical requirements in a single integrated platform found in Al-Dawaa Pharmacy. In the coming period, the Company will focus on strengthening these initiatives.

- **Continuing to provide a quality service based on recruitment and development of best talent in order to bring an added value to the beneficiaries that goes beyond dispensing medicines and selling other products in pharmacies to awareness, education and community service**

The Company absolutely believes in its role as community pharmacies that serve the country and all segments of society by providing services that go beyond selling products and dispensing medicines. In this regard, the Company will further strengthen its leading role by maintaining, developing, and increasing the following services in the future (for further details on the services provided by the Company, see Section 4-3-2 "**Al-Dawaa Pharmacies**" of this Prospectus).

- The Company provides diabetes clinics in a number of its pharmacies to serve diabetics throughout the Kingdom free of charge. Diabetes clinics include blood glucose measurement services and provide comprehensive awareness of everything related to diabetes. The Company's pharmacies also provide vital check services, which include measuring blood pressure, measuring body weight, and calculating the body mass index (BMI) free of charge.
- Through the "**Dawa'ok**" program, the Company provides a monthly follow-up service for patients with chronic diseases to remind them of their special medications once the quantity of medication provided is near exhaustion, either directly through customer service or through text messages.
- The Company maintains an integrated medical profile for its customers that includes the customer's medical history with the Company, which will be linked to other data. The integrated medical profile consolidates the health data of the Company's customers, allowing it to provide better and more accurate pharmaceutical and medical services to its customers. Through the Family Register program, the Company is able to:
  - Record chronic diseases and allergies to avoid dispensing inappropriate medication.
  - Provide the customer with all information about the prescribed medicines, such as the doses, dates, and method of use.
  - Offer immediate assistance if the customer or any of his family members require assistance with the prescribed medications or doses.

- The Company bears all costs related to administering COVID-19 vaccines after receiving it through the relevant official channels free of charge.

The Company intends to further provide, increase, and develop the above services by cooperating with the relevant official authorities and channels in order to achieve its ultimate role. Telemedicine and Telehealth services are undoubtedly one of the most important initiatives in this regard, and there will be a nominal fee that covers the costs of the parties engaged to carry out these works. They will be part of the services that require licensed doctors to perform them. The Company will not seek actual profits from those services, but will aim to harness their capabilities to serve their customers and other beneficiaries in the community.

In order to achieve its community objectives, the Company develops its pharmacists through targeted programs aimed at continuously measuring performance and identifying weaknesses and aspects that must be developed, thereby meeting these requirements scientifically by improving the efficiency of pharmacists and employees in general through continuous training and development.

- **Increasing sales through online channels, including Al-Dawaa Pharmacies Application and via the Company's website, and leveraging the data available to the Company and its large customer base**

Through online sales channels, the Company was able to raise its sales through these channels to more than 3% in 2020G. It expects to be able to double this percentage in the current year and to continue growth ahead through adopting a specific strategy in this regard (for further details on the Company's Online Store, see Section 4-3-9"Information Technology" of this Prospectus). For example, the number of users of Al-Dawaa Pharmacies Application exceeds five hundred thousand (500,000) users. The Company seeks to increase this number by emphasizing the importance of a user's unique experience, which requires considerable effort and continuous action by ensuring that the required products are available on the Application, the Application is easy to use, and the products are delivered during the expected time of the customer through logistics services that work in concert with all other departments of the Company. The Company is therefore aware that achieving this goal requires a lot of human and financial resources and is an integral part of its strategy towards enhancing the use of technology in its business.

The Company's large database about its customers will allow the Company to properly classify the products and medicines in proportion to the purchasing behaviors and the future needs of customers by analyzing past behaviors through data analysis and examining expected curves. It is worth noting that the Arbahi program, which has included more than seven million (7,000,000) subscribers since its incorporation, is a key contributor to sales growth through the Application, allowing the beneficiary to collect points for every purchase that can be used later for free purchases. Arbahi program gives additional benefits to the beneficiary, such as exclusive and special offers.

b) Maintaining and driving the Company's strong levels of profitability in order to increase Shareholders' returns and enable the Company to expand its business

The Company has a strong financial position and has been able to realize many successes and growth over the past years, but the Company believes that it still has many growth targets to meet either through increased sales or increased profits, by completing business expansion to achieve a high level of returns. There is no doubt that the Company's profit margins, whether gross or net, are outstanding and reflect the Company's strength and success. The Company intends to maintain and increase profitability through optimizing its resources, prioritizing goals and maintaining a high degree of flexibility to understand and follow up on market needs well in advance so that it can meet customers' needs and stay ahead of service providers.

c) Increasing the Company's returns through its strategic domestic and global relationships, considering entry into strategic domestic and global alliances and cooperation agreements, and strengthening the Company's relationship with the public sector

The Company's domestic, regional and global partnerships with its partners in all aspects of business within the public and private sectors are one of the most significant components of the Company's success and solid reputation. The Company plans to strengthen partnerships with the public sector by working closely with Ministry of Health and the Saudi Food and Drug Authority, in order to achieve objectives for all to consolidate the role of the Company's community pharmacies. There is no doubt that the Wasfaty program and the Company's pharmacies' privilege in administering COVID-19 vaccines are examples demonstrating the Company's strength and efficiency in this aspect, in addition to being ready to do more with the public sector. It is reported that through the Wasfaty program, Seven hundred thousand (700,000) prescriptions are dispensed per month, covering over eight hundred (800) pharmaceutical products. As of the date of this Prospectus, the Company has dispensed about 20.3 million products through these e-prescriptions.

The Company has strategic relations with more than two hundred seventy (270) domestic and global suppliers, and it will continue to create opportunities for cooperation with these suppliers with a view to increasing returns from these relationships, including bolstering support for the Company and maximizing its economic resources in order to generate rewarding returns for the Company's Shareholders.

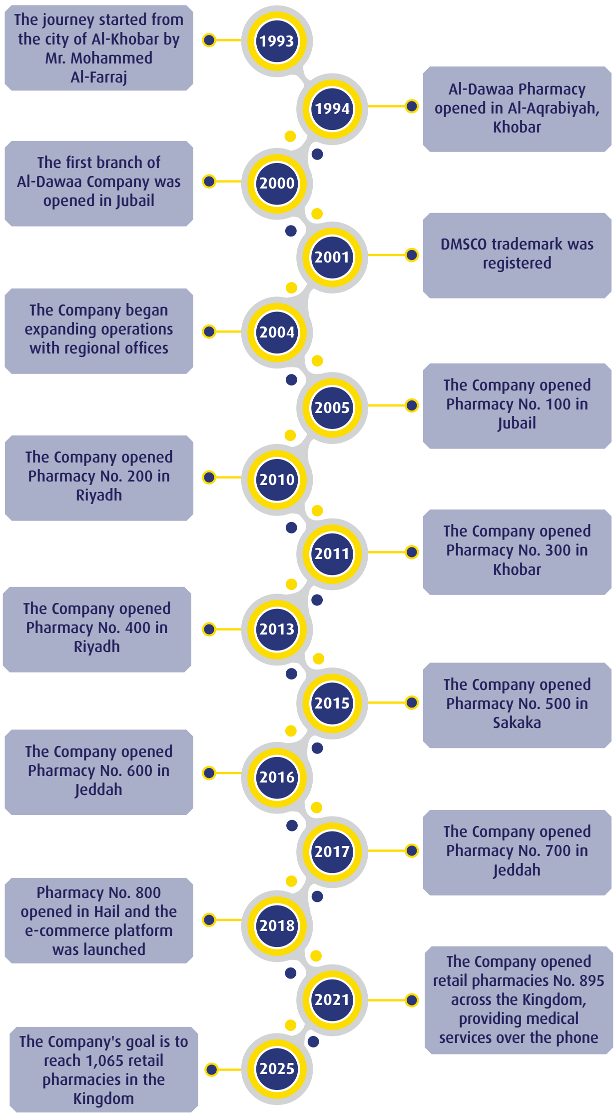
In a related context, the Company will consider entering into new strategic alliances and partnerships to create investment opportunities with feasible returns for all stakeholders. For example, this can be done by granting case-based business franchises to specific parties to ensure the selected parties add value to the Company and contribute to realizing its objectives. Agreements guaranteeing the rights of both parties will also be entered into, with the assurance that these parties are subject to the Company's standards and policies to ensure that the Company and its reputation are not exposed to risks as a result of these granted franchises.

The Company has formed a franchise department and has drawn up a regulation for franchise contracts and work with Francorp. The Company is setting the actual date to start operating outside the Kingdom. The Company's strategy to reach its strategic objectives of expanding its partnerships and alliances will be supported by the Company's presence in the UAE, through its representative office, as well as in Germany, through its offices of Rönzac and Höllinz in Germany. The Company's offices will be able to facilitate the Company's realization of its objectives by identifying and reaching the target parties where the Company deems it feasible to do so.

4-3 Overview of the Company's Business

The Company has created a network of more than eight hundred (800) pharmacies throughout the Kingdom, characterized by quick and integrated delivery services for e-commerce sales through the Company's Online Store and sales call center.

Figure (3): General Overview of the Company's Business



Source: the Company

The Company is a leader in the pharmaceutical retail sector in the Kingdom, and its operations comprise two main activities, namely retail and wholesale, which include:

- Al-Dawaa Pharmacies network, which includes eight hundred thirty-seven (837) pharmacies spread across various regions of the Kingdom, as of June 30, 2021G.
- Supplying products to consumers, including supermarkets, hypermarkets, wholesale stores, hotels, restaurants, and specialized kitchens.
- Supplying pharmaceutical products, medical equipment, and after-sales services to health institutions.
- Agency, distribution, and marketing of medicines and medical equipment in the Kingdom.

4-3-1 Summary of the Company's Material Events

The following table provides a summary of the time frame of the most material events since the Company's incorporation:

Table (4-10): Key events

Date	Event
1991G	Establishment of Al-Dawaa Medical Services Company as a sole proprietorship named "**Mohamed Saad Al Farraj Commercial Services Est.**"
1993G	Opening of the first branch of Al-Dawaa Pharmacies
2000G	Commencement of import of agencies of exclusive global brands for the Company and distribute them in the Saudi market
2000G	Expansion of the Company's central warehouses in Dammam
2001G	Conversion of Mohamed Saad Al Farraj Commercial Services Est. into a limited liability company named "**Al-Dawaa Medical Services Company**"
2005G	Expansion of the Company's central warehouses in Jeddah and Riyadh
2005G	Operation of 100 pharmacies in the Kingdom
2007G	Commencement of the establishment of the women's section to initiate the recruitment of women in all departments of the Company
2011G	Operation of 300 pharmacies in the Kingdom
2015G	Launch of the Dawa'ok program for people with chronic diseases
2016G	Operation of 600 pharmacies in the Kingdom
2018G	Initiation of Wasfaty program in partnership with Ministry of Health
2018G	Commencement of the manufacturing of exclusive Höllinz and Rönzac branded items for the Company
2019G	Launch of the Online Store and delivery services
2019G	Establishment of the Company's central warehouses in Sudair
2020G	Crisis management in response to COVID-19
2021G	Operation of more than 800 pharmacies in the Kingdom

Source: The Company

4-3-2 Al-Dawaa Pharmacies

a) Overview of Pharmacy Network

Al-Dawaa Pharmacies comprise a chain of pharmacies operating in the Kingdom with its main objective to provide the best health services to the local market. Al-Dawaa Pharmacies first branch was opened in 1993G in Khobar, expanding today to include a network of more than eight hundred thirty-seven (837) pharmacies in the Kingdom, as at June 30, 2021G, to be closer to its customers. Al-Dawaa Pharmacies serve more than five million (5,000,000) customers per month and provide over twenty-seven thousand (27,000) products, including medicines, pharmaceuticals, and cosmetics.

As of June 30,2021G, the Company employs more than two thousand seven hundred and five (2,705) highly qualified pharmacists able to offer pharmaceutical advice in order to provide the highest and most up-to-date healthcare services to its customers. In this sense, the Company has introduced several programs that assist and supplement the work of pharmacists, focusing on providing unlimited care to upgrade the quality of life of its customers. Among these are Dawa'ok and Family Register, which ensure follow-up of pharmaceutical doses and prevent the customer from conflicting medications at the time of use based on the customer's electronic medication record kept with the Company (for further details, see Section 4-3-8 "**Marketing**" of this Prospectus).

The revenues of Al-Dawaa Pharmacies amounted to SAR 3,776.8 million, SAR 4,023.4 million, SAR 5,243.8 million and SAR 2,707.1 million in the years ended December 31, 2018G, 2019G, 2020G and the six-month period ended June 30, 2021G, respectively, representing 96.5%, 96.6%, 97% and 97% of the Company's total revenues for the same periods, respectively.

b) Pharmacies Locations and their Selection Strategy

In order for the Company to be the first choice of its customers in terms of preference and location , the Company established a network of pharmacies comprising eight hundred thirty-seven (837) pharmacies, as at June 30, 2021G, spread across various regions of the Kingdom. These branches cover the Eastern Province, Central Province, Northern Province, Western Province and Southern Province.

The following table shows the geographical distribution of Al-Dawaa Pharmacies network in the provinces of the Kingdom as at December 31, 2020G and the six months period ending at June 30, 2021G:

Table (4-11): Al-Dawaa Pharmacies Network as at December 31, 2020G and the six months period ending at June 30, 2021G

Province	Number of pharmacies as at December 31, 2020G	Percentage of the Company's total revenue as at December 31, 2020G	Number of pharmacies as at June 30, 2021G	Percentage of the Company's total revenue as at June 30, 2021G
Eastern	346	43%	350	41%
Central	237	29%	242	28%
Northern	120	14%	119	14%
Western	73	9%	73	10%
Southern	52	5%	53	7%

Source: The Company

When selecting the locations of Al-Dawaa Pharmacies, the Company takes into account a number of factors, including:

- Population density of the areas, cities, and neighborhoods where the Company intends to open new pharmacies.
- The location relative to the main streets or commercial streets that serve high-mobility residential neighborhoods.
- The locations of the current Al-Dawaa Pharmacies, in addition to other chains of pharmacies situated in the region, city or neighborhood, and the locations of their pharmacies.
- The location relative to malls, commercial complexes, and other attractions.

c) Design, Planning, and Maintenance of Pharmacies

To keep up with the latest global healthcare systems and pharmaceutical industry in the Kingdom, the Company seeks to open its new branches of Al-Dawaa Pharmacies in a new and advanced form and with high-end designs of interior facilities. The Company uses companies with expertise in establishing pharmacies and adding an enjoyable shopping experience for customers within pharmacies in order to advance the pharmaceutical and healthcare sector in the Kingdom. In designing Al-Dawaa Pharmacies, the Company takes into account the following:

- **Design and Appearance of Pharmacies:** The facades are made of aluminum profiles and glass. The glass facades give a distinctive aesthetic view, particularly during the day, with natural sunlight beaming through, allowing customers to see the content of pharmacies from the outside and motivating them to enter.
- **Interior Design and Layout of Pharmacies:** All walls and ceilings are covered with white gypsum boards, with additional designs of gypsum boards on the ceiling with various shapes and sizes depending on the conditions of the rented site, such as the heights and spacing between the columns. The Company carefully designs its pharmacies for a superior customer experience through aspects such as capacity, elegance, and cleanliness.

d) Overview of Al-Dawaa Pharmacies Products

The Company selects the finest products from the best partnerships for display in Al-Dawaa Pharmacies. The Company is proud of its strategic business partnerships with global tradenames and high-quality brands throughout the world, such as American, British, European, Canadian, Taiwanese, Thai, Malaysian, and other products that meet the highest international quality standards.

The products offered by the Company through Al-Dawaa Pharmacies include:

- Saudi -licensed medicines and treatments that require a prescription; none of them are dispensed without an approved prescription in accordance with the applicable laws and regulations.
- Over-the-counter Saudi -licensed medicines and treatments, such as painkillers, medicines for cold, cough, allergies, stomach and colon medications, and skin and other treatments.
- Dietary supplements, including a variety of vitamins, healthy food products, and nutritional products for athletes.
- General-purpose medical supplies and devices such as bandages, thermometers, first aid kits, braces, and elderly care items.
- Personal care products such as skin, hair, body, and dental care products.
- Mother and baby needs, such as feeding and baby/mother care supplies.
- Beauty care products, such as accessories, contact lenses, and makeup supplies.

e) Overview of the Company's Services

As part of its initiative to provide comprehensive and integrated services to Al-Dawaa Pharmacies' customers, the Company offers a number of value-added services to its customers, which include a number of clinics and medical consultations.

- **Primary Health Care Clinics**

In March 2020, the Company started the primary health care clinics project in pharmacies to add further dimensions to the services it provides to its customers and to play its effective role in providing upgraded health care services by booking directly through the clinics booking system for diabetics' follow-up check services, including:

- Measuring blood sugar.
- Measuring body weight and body fat.
- Measuring blood pressure.
- Pharmaceutical advice and guidance for diabetics.

- **Virtual Clinics**

In line with digitization and Vision 2030, Al-Dawaa Pharmacies have started to activate and provide virtual clinics with their strategic partners and doctor service providers, in order to add new dimensions to healthcare services through online channels, using the state-of-the-art technologies, backed by special and highly academically qualified medical teams.

- **Telemedicine**

In order to add additional values and facilitate delivery of multiple medical services and health solutions and services in a single integrated facility, Al-Dawaa Pharmacies has begun to activate and launch Telemedicine, which helps community members easily access many special health services (such as measuring blood pressure, diabetes, cholesterol, etc.) in one place in just a few moments, with the same quality and accuracy of traditional service.

Telemedicine involves a number of advantages, including:

- Facilitating communication with doctors and consultants.
- Diagnosing medical conditions and dispensing appropriate medications for each case.

- **Partnership with a Specialized Labs Company**

In partnership with a specialized labs company, the Company has included a number of sampling centers in its pharmacies branches, using the best-recognized safety standards precautions, by providing a diverse medical analysis service. The customers deliver samples to a laboratory corner in a Company's pharmacy which are then transported by approved means of transportation that meet safety standards for analysis. The customer may then receive the results through various online means.

- **Service Appointment Booking System**

Al-Dawaa Pharmacies have activated one of the latest technology systems for booking appointments for clinics, services and various events, which helps organize access to a simplified and clear service for the customer through Al-Dawaa Pharmacies Application and ensures optimum use of various resources.

- **Seasonal Vaccination Service**

Al-Dawaa Pharmacies has launched the seasonal influenza vaccination service in its pharmacies since December 2017 in various parts of the Kingdom, with all the necessary health equipment and requirements, supervised by qualified pharmacists with the highest level of training approved by the Ministry of Health. Recently in March 2021, Al-Dawaa Pharmacies, in partnership the Ministry of Health, introduced the COVID-19 vaccines service for the first time in community pharmacies in several locations throughout the Kingdom in order to support and strengthen its leading role in community service, raise health awareness and community immunity, and sustain the Kingdom's efforts to combat COVID-19 on various levels since the onset of the crisis.

- **Medical Profile**

The Company maintains an integrated medical profile for its customers that includes the customer's medical history with the Company. The profile will be linked to the data derived from the consultations provided through Telemedicine and Telehealth services. The integrated medical profile consolidates the health data of the Company's customers, allowing it to provide better and more accurate pharmaceutical and medical services to its customers.

4-3-3 Supply to Consumers

Through its Consumer Products Department, the Company distributes consumer products to wholesale stores, supermarkets, hypermarkets and others. The Company is one of the top distribution channels in the Kingdom. Given its sparkling performance and commitment to quality standards, backed by its strong infrastructure and its central warehouses equipped with state-of-the-art systems and IT networks linked to its regional offices around the Kingdom, the Company has earned a strong reputation for distributing and supplying products to consumers.

Total revenues from supply to consumers amounted to SAR 85.1 million, SAR 76.5 million, SAR 94.2 million and SAR 43.3 million in the years ended December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, respectively, representing 2.2%, 1.9%, 1.9% and 1.7% of the Company's net revenues, respectively.

Top customers, to which the Company supplies consumer products, include a number of the largest retail companies as follows:

Table (4-12): Top Customers, to Which the Company Supplies Consumer Products, as at December 31, 2020G and the six months period ending at 30, June 2021G

#	Customer	Percentage of total revenues of the Company's Consumer Products Department as at December 31, 2020G	Percentage of total revenues of the Company's Consumer Products Department as at June 30, 2020G
1.	Customer 1	19.07%	24.6%
2.	Customer 2	15.88%	12.3%
3.	Customer 3	6.60%	5%
4.	Customer 4	4.62%	4.6%
5.	Customer 5	4.54%	4.4%

Source: The Company

4-3-4 Supply to Health Institutions

a) Overview of Supply of Pharmaceutical Products and Medical Equipment to Health Institutions

The Company seeks to be one of the leading suppliers of pharmaceutical products and medical equipment to health institutions in the Kingdom. It also strives to provide and offer state-of-the-art technologies and solutions to the healthcare sector. The Company works closely with medical practitioners to contribute to the overall improvement of patient care. The Company's Medical Equipment Department provides a wide range of medical devices and equipment with global high-quality brands required by the healthcare sector in the Kingdom, including hospitals, health centers, clinics, and pharmacies.

The Company's activities are not limited to the supply of pharmaceutical products and medical equipment to health institutions in the Kingdom, rather it extends its business to providing maintenance and after-sales services for medical equipment, in particular medical equipment for which the Company has rights of agency and distribution in the Kingdom (for further details on the agency and distribution of medical equipment, see Section 4-3-5 "**Agency, Distribution, and Marketing of Medicines and Medical Equipment in the Kingdom**" of this Prospectus).

Revenues from supply of pharmaceutical products to health institutions amounted to SAR 50.9 million, SAR 61.7 million, SAR 62.8 million and SAR 38.4 million in the years ended December 31, 2018G, 2019G, 2020G and the six-month period ended June 30, 2021G, respectively, representing 1.3%, 1.6%, 1.3% and 1.6% of the Company's net revenues for the same period, respectively.

4-3-5 Agency, Distribution, and Marketing of Medicines and Medical Equipment in the Kingdom

a) Overview of Top Agencies

The Company represents over twenty-five (25) global brands from Europe and North America to distribute its products in the Kingdom, including:

- Distribution Agencies:
  - Guido Olocotino and C.S.N.C. Beauty Time for medical and skin care products.
  - Health Drug Store (Vitane) for some herbs and food products.
  - Jordan Sweden Medical and Sterilization Company for some pharmaceuticals
  - BioFilm, Inc. for health care products that include the Astroglide brand.
  - Banat Firca Ve Plastik San. A.S. (Banat) for oral care, personal care and household items.
  - Volpe to distribute Volpe's products.
  - ALPAYA DOGAL VE KOZMETIK URUNLERI SAN. VE TIC. A.S for hair care products, hand and face soap, bath soap and body scrub.
  - Wesley International Ltd. (Super Max) for shaving products.
  - TredA for hair removal products.
  - Paradox Omega Oils Ltd for dietary supplements.
  - The Principals MENA (Humana) for specialty baby food care products
  - Labkon for health care products and dietary supplements.
- Medical Device Agencies:
  - MEDIMA Sp. Z.o.o. for customer's products, including syringe pumps and others.
  - Hansung Medical Co., Ltd for steam pressure sterilizer for medical use.
  - Lojer Oy for operation table products and accessories, and hospital and nursing furniture and equipment.
  - Shenzhen Comen Medical Instruments Co., Ltd. for patient monitors, ECG machines, fetal monitors, anesthesia machines and neonatal ventilators.
  - Osatu S. Coop (Bexen) for heart rate, blood pressure, and ECT devices.

- EMA-LEDGmbH for operation lights, diagnostic lights, dropped ceiling units for hanging various operating and anesthesia devices.
- Medical Iberica S.A (MEDISA) for hospital medical furniture.
- Medisport S.r.l. for first aid, massage, bandages, foot care, physical therapy products, teaching materials, critical care kits, electrical appliances, and medical devices for human and animal healthcare.
- MTS Medical UG for shock wave systems for orthopedics, dermatology and urology.
- Shantou Institute of Ultrasonic Instruments Co., Ltd. For ultrasound scanners.
- Advalight ApS for medical devices.
- LED Tailor for lighting devices for hospitals and operation rooms.
- Insausti Material Clinico SLU for healthcare products.

b) Distribution Network

The Company operates a large-scale warehouse as well as regional central warehouses (for further details on the Company's warehouses, see Section 4-3-7(a) "**Company Warehouses**" of this Prospectus), enabling the Company to manage an effective distribution network as a result of investments in warehouse and logistics infrastructure. The Company uses its modern infrastructure to provide the entire supply and management of the chain at the national level, from wholesale to delivery to pharmacies and health institutions, thereby enhancing the Company's competitiveness. The Company distributes its products through the following channels:

- The Company's subsidiaries.
- Various medical institutions and pharmacies.
- Scientific and marketing offices in the UAE.

4-3-6 Suppliers

a) Product Selection

The Company's Procurement Department is primarily responsible for providing the best and most up-to-date products and services to customers in line with its strategic plan and global market developments, while maintaining profit rates in line with the Company's general plan. Product selection is carried out based on an evaluation by the Product Evaluation Manager, and these processes are approved by the Company's Product Department. Then, a committee comprising members of the Product Department and the Procurement Department is formed to examine the product, and the final decision is made by another committee consisting of members of the Sales, Operations and Supply Department. The decision of the committee consisting of members of the Sales, Operations and Supply Department is finally approved by the Chief Commercial Officer. A new product selection journey includes several steps, starting with an evaluation by the Categories Manager and adding theexpected change, and then the approval by the Categories Department. The product selection journey includes a product audit by several committees; a committee comprising members of the Categories and Procurement Departments is formed to discuss the overall condition of the product, then another committee composed of members of Sales, Operations and Supply Department makes the final decision, with the Chief Commercial Officer issuing the final approval. The Company continuously monitors the performance of products at its pharmacies, with specific procedures in place for monitoring and removing of low-performing products. To remove a product, the Company's Categories Department evaluates the performance of the item associated with its category and the role of the product, discusses the matter with the Procurement Department and the Seller, and then makes the final removal or return plan.

b) Key Suppliers

The Company has a vast network of suppliers consisting mainly of pharmaceutical companies and distributors under long-term contracts. In selecting suppliers, the Company takes into account, among other things, whether the suppliers' products are relevant to the products the Company offers, the quality and prices of their products, their market reputation, and their production and distribution capabilities. The Company also examines qualifications and licenses to ensure that suppliers are conducting their business in accordance with applicable laws, rules and regulations. The Company's key suppliers include:

- Farouk Maamoun Tamer & Co
- Saudi International Trading Company (SITCO)

- Unicharm
- Ismail Abudawood Trading Co.
- Salhiya Trading Company
- Cigalah Medpharm
- Tamer Arabia Trading Co. (Nestle)
- Saudi Drug Center Company
- Al Kamal Import Office Ltd
- Binzagr Unilever Distribution Company

4-3-7 Logistics Services

a) Company Warehouses

The Company strongly believes that its warehouses are the main artery of its group of pharmacies, which provide all pharmaceutical and cosmetic products in a timely manner and with the appropriate quantity from its main approved source through the network of transport fleet spread throughout the Kingdom until they reach every pharmacy and every customer. The Company runs hundreds of trips per day through a fleet of over six hundred (600) vehicles and trucks that are managed by a safe and organized system of transportation facilities with the best technical and distinguished means and supported by qualified personnel. The Transportation Department aims to provide all its customers inside and outside Al-Dawaa Pharmacies with transportation services exceeding their expectations in several comprehensive features through employing the best cost-effective operating tools and programs, ensuring the security of vehicles through tracking programs, and offering the highest quality logistics services provided by the Company's warehouses, whether the central warehouses positioned on more than eighty thousand (80,000) square meters, in addition to the new expansion, which is still under development, with an additional area of twenty-three thousand (23,000) square meters in Sudair Industrial City, not to mention the sub-warehouses located in the major cities of the Kingdom, namely Jeddah, Riyadh, Dammam, Abha, Tabuk, Sakaka, Hafr Al-Batin, Al-Ahsa, situated on an area of more than thirty-six thousand (36,000) meters. These warehouses provide day-to-day supplies to points of sale and external customers. The Company receives, stores and supplies products under the supervision of a group of qualified warehouses and operations management consultants. Moreover, it applies the highest quality standards to ensure the safety of products through automated and digital processes that include preparing and storing sensitive products without human intervention, in addition to tracking requests and electronic inventory management to ensure that products are processed at the best quality possible in accordance with the Saudi Food and Drug Authority's instructions.

The warehouse journey starts with tracking the sales activity of each pharmacy on a daily basis to provide products from agents and suppliers, subject to special requirements that ensure the best storage environment for the product in accordance with the Saudi Food and Drug Authority's instructions, until the products are delivered to the Company's pharmacies throughout the Kingdom from major cities to the most remote areas of the Kingdom through an automated and centralized tracking system for temperature and vehicle safety during the entire distribution trips until they reach the pharmacy. The Company's role does not end here, but continues to improve through direct contact with the Pharmacy Management Program to track the level, status and validity of the inventory inside pharmacies to ensure the best service is provided to the customer.

Beginning in 2019G, with the move to Sudair Industrial City warehouses, the capacity and storage increased from thirty thousand (30,000) Pallets to nearly one hundred thousand (100,000) Pallets, while ensuring their storage and handling with the highest quality and safety standards. In addition, the operational and production capacity increased from five hundred thousand (500,000) units per day (representing eight hundred (800) Pallets) before moving to the new warehouses in Sudair Industrial City to one million three hundred thousand (1,300,000) units per day (representing about one thousand six hundred (1,600) Pallets), equivalent to more than fifty (50) large trucks or one hundred fifty (150) medium-sized trucks on a daily basis. This progress has not stopped with the move to central warehouses, but rather extends with the completion of the warehouse automation project. It is expected that warehouse productivity will reach two million two hundred thousand (2,200,000) units per day (representing the handling of two thousand and seven hundred (2,700) Pallets) with the completion of first stage of the automation project(for further details on the Company's future plans for its warehouses, please see Section 4-4 "**Future Projects**" of this Prospectus). The following table sets out the details of the Company's warehouses:

Table (4-13): Company Warehouses

#	Location	Area (m^2)	Opening date
1.	Warehouse 1	6,092	2020G
2.	Warehouse 2	1,200	2018G
3.	Warehouse 3	104,307	2019G
4.	Warehouse 4	1,098	2016G
5.	Warehouse 5	2,360	2014G
6.	Warehouse 6	905	2014G
7.	Warehouse 7	1,300	2014G
8.	Warehouse 8	851	2014G
9.	Warehouse 9	1,150	2013G
10.	Warehouse 10	3,176	2013G
11.	Warehouse 11	1,400	2012G
12.	Warehouse 12	1,800	2010G
13.	Warehouse 13	10,843	2006G
14.	Warehouse 14	2,500	2003G
15.	Warehouse 15	2,521	2002G

* The numbers mentioned are roundedSource: The Company

Services and communication between the Company's warehouses, offices, and pharmacies have been supported by state-of-the-art technical systems and information. The Company also employs managers of trained professionals in its warehouses who are committed to the highest quality standards. Managers of the Company's warehouse located in Sudair are primarily responsible for ensuring that all deliveries to the Company's central warehouses and regional pharmacies are carried out synchronously and accurately. This effective and well-distributed infrastructure is essential for the Company to deliver rapid and satisfactory services to its customers and create an efficient supply chain. The Company's efficient infrastructure has allowed it to achieve sustainable successes in meeting customer satisfaction and meeting the expectations of suppliers and partners.

b) Supply Chain Management

The vision of supply chain management is an integral part of the vision of the Al-Dawaa Pharmacies' community pharmacies, efficient management operations and budgeting to select the best solutions, continuous improvement, flexibility, and adaptation to developments and challenges, all in tandem with the most important component of the Company's supply chain, which is quality and monitoring of compliance with its standards from the supplier through the Company to the customer and the ultimate beneficiary.

The fact that the Company is at the forefront of the supply chains that communicate with the customer directly places a huge responsibility on the Company to provide the best service to the customer, given its responsibility to serve its customers with approximately one hundred seventy-five thousand (175,000) visits per day, by providing more than twenty-seven thousand (27,000) products in its branches across more than thirteen (13) administrative regions and more than one hundred and thirty (130) cities, provinces and governorates throughout the Kingdom in a timely manner, and with the appropriate quantity and quality that distinguish the Company from other competitors. The Company's visible role in realizing Vision 2030, implementing the Kingdom's drug safety policy and providing the diverse needs of citizens and residents has been reflected in its significant partnerships with the state to serve the community, including the Wasfaty program, COVID-19 vaccination centers project, projects related to drug safety, provision of essential medicines, COVID-19 crisis management, and permanent commitments, including reference pharmacies (over sixty (60) pharmacies throughout the Kingdom's regions announced on the the Saudi Food and Drug Authority's website are committed to providing all registered pharmaceutical items and making them constantly available). This role poses a major challenge to the Supply Chain Department to provide a stable and flawless service through an entity that has become an essential partner in serving the community and the state (for further details on the Company's corporate social responsibility, see Section 4-8 "**Corporate Social Responsibility**" of this Prospectus).

The Company's services are not limited to providing pharmaceutical supplies and personal and cosmetic care products through its network of branches. The Company is a licensed distributor and owner of a number of brands of more than two thousand and six hundred (2,600) products distributed to a large network of hospitals, clinics and retail outlets through the Company's supply chains. This presents an additional challenge to the Supply Chain Department in following-up and planning receipt operations, starting from shipping and customs clearance of these broad-spectrum products, until distributed to the Company's sub-warehouses through the planning management system for distributing resources between the Company's warehouses and sub-distribution centers, until the product reaches the end customer in a timely manner and with the appropriate quantity.

A new challenge for the Company is to deliver the service to the customer at home or at his workplace without the need to visit the Company's branches, which is a newly applied principle for community pharmacies. The Supply Chain Department is at the forefront of the e-commerce experience by managing a large fleet of distribution vehicles and drivers and designing and implementing high quality systems to increase the efficiency and quality of last mile deliveries through more than one hundred (100) order preparation and distribution points, thereby exceeding customer expectations (for further details on the Company's Online Store, see Section 4-3-9 "**Information Technology**" of this Prospectus).

c) Fleet Management

The artery connecting and feeding the Company's branches in all regions of the Kingdom is the Company's fleet and the Transportation Department, charged with the responsibility of providing the supplies of branches through warehouses and managing inter-pharmacy transfers to reduce the time the Company needs to serve the customer, in addition to contributing to drug and environment safety by managing reverse logistics from branches to warehouses with respect to off-specification or expired products. The Company's fleet of more than six hundred (600) trucks and vehicles with various uses and capacities operate 24 hours a day, covering over one hundred fifty thousand (150,000) kilometers throughout the Kingdom and carrying out approximately one thousand (1,000) deliveries per day. The Company's fleet operates with state-of-the-art technology, tracking, and routing systems. There are a number of additional sensors in each truck that operate throughout the trip to record all information related to the security, safety and quality of shipments, as well as the quality of the trip itself that is connected via satellite to the systems of the Company, the Saudi Food and Drug Authority and the Ministry of Transport.

d) Quality Standards

The Company's mission, including commitment to the highest quality standards, makes the Company commit to ensuring the quality of the products and services provided through the Company's network of domestic and global suppliers. The quality and product validation team applies the most recent global systems for thermal tracking and product quality assurance, and ensures that all permits and quality certificates are in place, along with corporate commitment with respect to products and suppliers. Most notably of these systems is Drug Track and Trace System for pharmaceutical products (RSD), which is part of the National Transformation Program. RSD adopts new technologies for tracking all human drugs manufactured in Saudi Arabia or imported from abroad at all stages until consumption. The Supply Chain Department has received the ISO 9001-2015, which is one of the most important accredited quality certificates. To ensure the application of the highest standards, a SAP comprehensive quality control system is employed with a number of quality and performance analysis professionals who review and write the operations manual in accordance with the best standards, in addition to their on-site role of quality control through on-site tours and analysis of the system data that are relevant to the quality of each operation within supply chains.

In 2005, the Company also started to implement the ISO 9001-compliant Quality Management System (QMS) in all divisions and departments of the Company, which contributed to ensuring smooth operations and high-quality services provided. The international ISO 9001 certification covers all departments of the Company in its operations and business, including Al-Dawaa Pharmacies Department, Pharmaceutical and Medical Department, Consumer Department, and Medical Equipment Department.

The Company also applies quality standards to all its operations within the Kingdom. It was granted ISO Certificate No. 44 100 060759, effective until 11/13/1445H. (corresponding to 05/21/2024G), which is in line with the latest updated standards as of 2015G. The Company is the first Middle Eastern pharmaceutical company obtaining the ISO certificate for pharmacy services, marketing, and sales services in its field. The Company obtaining quality certificates is reflective of the fact that the Company's operations are subject to strict controls to achieve the desired quality through its operations internally and the delivery of its services externally. The Company is also committed to maintaining the quality certificates gained and is therefore keen to monitor the effectiveness of its management systems to ensure its continuity, development and improvement.

Internal quality control is periodically carried out by a team of the Company's employees holding international internal auditor certificates. As for the external audit, it is conducted by the German company, TÜV Nord , which grants ISO certificates, to ensure the Company continuously apply quality information systems in line with its commitment to applying the latest international quality standards.

e) Last Mile Delivery

Last Mile Delivery is an innovative technology solution to manage delivery. The Company's Last Mile Delivery program receives customers' requests from all sources, allowing the customer to track the driver's route on the map and communicate with him at any time. Customers can schedule the receipt of their requests at the dates they deem appropriate through the time tranches managed by the program, and confirm the delivery of requests for drivers on time by selecting the best driver based on its location and how busy he is. Customers are also able to add receipt locations directly to the program without the need to communicate with the driver. The program determines the best route for the trip in order to save time and cost.

4-3-8 Marketing

a) Pricing Strategy

In identifying and pricing products, the Company strives to satisfy customers. The Company carries out consumer studies and market research to understand new business trends and consumer needs, based on which it sets prices competitively to attract and retain consumers. In setting prices, the Company takes into account the prices of market competitors of physical and online pharmacies, as well as wholesale owners and suppliers of medical products and devices. The Company constantly monitors the prices of products offered by its competitors. As for medicines, the Company does not have the option to estimate prices, since the Saudi Food and Drug Authority sets the maximum prices of medicines to be available to everyone at the lowest possible price domestically. Prices are estimated by the Saudi Food and Drug Authority according to approved scientific rules and principles. These prices are also published on the Saudi Food and Drug Authority's website for absolute transparency.

b) Loyalty and Sponsorship Programs (Arbahi)

To maintain a good relationship with current customers, the Company seeks to improve customer loyalty programs, given that the Company is fully aware that customer satisfaction is the cornerstone of any business. Therefore, the Company has set up a loyalty program for Al-Dawaa Pharmacies customers, allowing them to shop and collect points to enjoy many of services and additional features by exchanging points collected for purchases, gifts, etc. In line with the Company's core vision of putting the customer's health at the forefront of its business, the program also takes the customer's health into consideration by continuously sending awareness materials through various means of communication, such as emails, text messages, medical consultations, and periodicals. Arbahi also publishes periodicals on diverse topics in medicine, health care, and disease prevention. These periodicals can be obtained via e-mail. Arbahi allows customers to exchange points collected through their purchases for gifts, awards, or purchases. The gifts vary according to the customer's balance in his account. The customer can also exchange Arbahi points for free purchases from any branch of Al-Dawaa Pharmacies or through the website or mobile application. Arbahi customer can split the points he/she collects, and is not required to use his points in full. Since its incorporation, the total number of Arbahi customers has reached 7 million customers to date.

c) Community Service Program (Dawa'ok)

The Company has launched the Dawa'ok program that provides a monthly follow-up service for patients with chronic diseases, reminding them of their drug doses and the time of use according to the prescribed drug. Moreover, Dawa'ok program helps prepare medical prescriptions for easy access to medications at the nearest available branch, so that they can receive their medications easily and conveniently. Drugs are controlled through a sophisticated, high-precision information technology program developed globally in cooperation with a number of major international drug companies and used in several countries. Dawa'ok program calculates the doses and the time of use for each drug, and thus the customer's medications are carefully monitored. It reminds the customer about medicines in case they are near their expiration date, and prepares them for the customer upon request. This program includes pharmaceutical consultations related to the health status of customers, in addition to the service of following up the dispensing of medical insurance prescriptions free of charge and without any additional fees on the value of medicines. Dawa'ok program monitors the medications of each customer, reminds the customer through the customer service team or text messages and prepares the medications for the customer. Through Dawa'ok, the Company seeks to provide the best possible healthcare for all, and hopes to help them lead a better healthy life.

d) Family Register Program

The Company has designed the "**Family Register**" program to record medical information for all family members. The "**Family Register**" program provides health pharmaceutical care to Al-Dawaa Pharmacies' customers, allowing them to include all family members in the main profile of either the mother or the father, which makes it easier for the pharmacist to access information that helps serve them in the best way possible. A family profile is created and opened with information about one of the parents, and then the rest of the family is added successively. Each individual has his own file included in a single family file. The file maintains each individual's purchase history, preventing drug interactions, allergies or side effects. The “**Family Register**” program features several benefits, including an integrated record of all types of medications dispensed to each family member, prior knowledge of the types of allergies and associated symptoms, and the availability of the necessary information for the prescribed medications, doses and specified periods all in one place.

The “**Family Register**” program involves many features, including:

- Obtaining a complete reference to the medication history of the customer and his family members.
- Recording chronic diseases and allergies to avoid dispensing inappropriate medication.
- Providing the customer with all information about the prescribed medicines, such as the doses, dates, and method of use.
- Recommending an alternative drug with the same therapeutic efficacy if the prescribed medication is not available.
- Offering immediate assistance if the customer or any of his family members require assistance with the prescribed medications or doses.

e) Customer Service

The Company considers customer service one of its most important pillars, byresponding to and following up on all customer requirements or inquiries, as well as asssisting with any additional requirements by customers, such as:

- Dealing with all inquiries related to products and purchases of Al-Dawaa Pharmacies, whether via the pharmacies or through the online website.
- Addressing all inquiries related to the various services provided by Al-Dawaa Pharmacies, whether to identify the services available, or after any service is delivered, and following up with customers to ensure their complete satisfaction.
- Addressing all customer health inquiries through qualified team members with the required academic qualifications.
- Following up on customer inquiries related to the various programs, whether internal, such as the Dawa’ok and Family Register, or external, such as Qitaf services offered within Al-Dawaa Pharmacies.

f) Marketing Campaigns

The Company’s marketing campaigns aim to meet the various objectives of the Company based on the annual plan and in accordance with global standards, under continuous and accurate follow-up of performance measurement rates, which is ultimately reflected in a highly valued brand. The Company’s marketing campaigns include:

- Marketing campaigns for promotional offers.
- Marketing campaigns for major seasons, such as holidays, etc., as well as for attracting distinctive and powerful turnout for the services and products offered by Al-Dawaa Pharmacies.
- Marketing campaigns for the various programs of Al-Dawaa Pharmacies to raise awareness on their features and benefits for customers.
- Marketing campaigns for the services provided by Al-Dawaa Pharmacies to their customers inside pharmacies, such as clinics and internal events.
- Marketing campaigns of the Company’s website and Al-Dawaa Pharmacies Application to raise customers’ awareness about competitive advantages and the benefits that enable Al-Dawaa Pharmacies customers to easily obtain services through an enjoyable and unforgettable shopping experience.
- Marketing campaigns for products, whether the Company’s products or the various categories of products in pharmacies.
- Marketing campaigns for ongoing health awareness, targeting different categories of customers.

The Company adopts five (5) guiding principles for its integrated marketing communications strategy:

1) **Alignment with Community:** Communities that are not covered by the Company’s services are identified and their needs are determined and met in accordance with the Company’s business objectives and its products and services provided. This alignment also includes direct and brief communication with customers.

2) **Alignment with the Company’s Brand:** Identify cost-effective and appropriate community marketing channels to build a better perception of the Company’s brand, and work on reducing spam (overlapping duplicative messages).

3) **Alignment with Customers' Voice:** Redesign the brand messaging response software with the mix of media mediums which are needed to start the conversations with the Company's active/available customers.

4) **Alignment with Budget:** Use creative marketing channels that fit the Company's budget, combined with new media communication channels, and apply governance processes to minimize waste.

5) **Customer Satisfaction Measurement Tools:** This includes Omni channels, multilingual real-time dashboards, measurement tools, customer experience measurement software, net promoter score calculation, and the sentiment analysis system.

4-3-9 Information Technology

a) Overview of Company's Electronic Systems

Among the Company's underlying competitive advantages are its electronic systems. The Company's IT Department comprises of members with extensive experience in internet, retail, and e-commerce companies. The Company has built its own technology platforms based primarily on ownership of such software, providing associated upgrade and maintenance services.

The IT Department designs the network infrastructure, installs and maintains equipment and devices, and configures software to ensure that computers, network, applications, and internet services help employees perform their work effectively. Employees are also provided with the necessary technology and information tools, enabling them to do their work in the best possible way.

The Company has developed several applications for use on smart phones and created its own website. It is worth mentioning that the Company has developed all these systems internally through its IT Department. The Company ensures that its servers operate in a safe and secure environment, and that its systems and data are protected against cyberattacks.

The Company's electronic systems are considered one of the key assets of the Company, allowing it to collect, save, and analyze data, as well as improve performance through SAP. The Company's ability to mine data allows it to analyze consumer behavior, create a comprehensive profile for each consumer, and identify their needs and desires. The Company also collects a wealth of data on its supply chain, such as cost per delivery, delivery time requirements, positive customer feedback, and other similar indicators. Based on this information and analytics, the Company develops operational objectives and insights, including the best time to deliver so that positive results are achieved, taking into consideration consumer feedback, and optimal delivery methods that reduce the cost per delivery. The Company uses the data its holds to simplify and improve supply chain management, which enables the Company to operate more efficiently, gives it greater visibility and control over its inventory, and reduces its operating costs.

b) Online Store

The Company launched its Online Store in 2019G, in order to meet consumers' healthcare requirements, needs and desires, which is currently available on the Company's website and smart phone application. The Company's application is available on Android and iOS systems, providing a flexible and smooth shopping experience. It is worth noting that the dedicated e-commerce servers are hosted on Amazon Web Services (AWS). The Company's automatically scalable servers can provide more than two hundred and fifty thousand (250,000) concurrent users. The Company's Online Store is an integrated and sophisticated platform, offering online shopping channel for products and services. All products of Al-Dawaa Pharmacies are available on its online store, thus providing customers with multiple shopping options. The Online Store also provides customers with a variety of pharmaceutical and other products available in Al-Dawaa Pharmacies (for further details on the products available in Al-Dawaa Pharmacies, see Section 4-3-2(d) "**Overview of Al-Dawaa Pharmacies Products**" of this Prospectus). The Company's multi-channel technology platform allows customers to communicate with pharmacists and dispense cash and insurance prescriptions easily. The e-commerce platform can accommodate an increase in the number of customers at any time, 24 hours a day, without any impact on the service performance.

Through its Online Store, the Company delivers orders directly to customers within a few hours, depending on the availability of the item and traffic, backed by its logistics operations team with a large fleet of well-equipped vehicles that use advanced tracking and distribution systems throughout the Kingdom, in the regions and cities where Al-Dawaa Pharmacies branches are located. The Company provides a variety of payment methods through its Online Store, including payment via credit cards, Mada cards, or cash on delivery.

The Company's Online Store revenues amounted to SAR 59.8 million, SAR 105.7 million, and SAR 48.2 million in the years ended December 31, 2019G, 2020G and the six months period ending June 30, 2021G, respectively, accounting for 1.5%, 3.0%, and 2% of the Company's total revenues for the same period, respectively.

c) Al-Dawaa Pharmacies Point of Sale System

Al-Dawaa Pharmacies employs a "**point of sale**" system, which helps manage sales, follow-up on customers, and prepare inventories and sales reports. This system includes all branches of Al-Dawaa Pharmacies under a secure network of operations. Backed by the IT Department, the system provides services for the Company's employees across eight hundred thirty-seven (837) pharmacies located inside the Kingdom as June 30, 2021G, which facilitates communication between all branches of Al-Dawaa Pharmacies in order to provide a better service to the Company's customer.

4-4 Future Projects

4-4-1 Franchise

As part of its continuous quest to scale up its activities, the Company intends to expand outside the Kingdom through franchises. The Company has formed a franchise department and has drawn up a regulation for franchise contracts and work with Francorp. The franchise operational files have been completed in cooperation with a partner specialized in franchise operating manuals. The Company is in the process of setting the actual date to start operating outside the Kingdom.

4-4-2 Digitization

Over the past three years, the Company adopted a clear plan for digitization and use of technology to enhance its business and increase the efficiency of its human and non-human resources. The Company also intends to further promote the use of technology in all aspects of its business, whether sales or logistics in the Company's warehouses, particularly its central warehouse in Sudair, Riyadh (for further details on the Company's warehouses, see Section 4-3-7 "**Logistics Services**" of this Prospectus).

The huge technological shift is unquestionably of great importance given it meets the requirements of the Ministry of Health and the Saudi Food and Drug Authority in terms of adoption of high-precision technology systems to track medicines and pharmaceuticals in general, coupled with the Company's ability to develop streamlined mechanisms to identify expired products.

The Company also plans to develop its business to keep up with technological developments and the digital communication revolution in the business world, and to innovate various solutions, programs, and systems that help provide integrated services to its customers. As part of its digitization plans, the Company provides Telemedicine and Telehealth services.

4-4-3 Factory

As part of its future plans, the Company intends to operate a Company-owned factory in Sudair. The Company established as a subsidiary named "**Premier Medical Devices Manufacturing**" incorporated in the Kingdom. The subsidiary's activities include manufacturing disposable medical products and consumables, medical examination tables, surgical furniture, medical beds equipped with mechanical additives for movement, medical thermometers, respirators, and medical anesthesia devices.

4-4-4 Expansion of Pharmacies

As part of its continuous endeavor to scale up its business, the Company intends to complete the opening of approximately eight-five (85) new branches until 05/27/1443H (corresponding to 12/31/2021G). It is worth mentioning that until 11/20/1442H (corresponding to 06/30/2021G), the Company has opened about twenty (20) new branches. The Company also plans to increase the number of its pharmacies in the Kingdom to one thousand sixty-five (1,065) pharmacies, with the expected opening of two hundred twenty-eight (228) new pharmacies until 2025G.

4-4-5 Expansion of the Company's Warehouses

Among the Company's warehouse-related future plans is the completion of the warehouse automation project. It is expected that warehouse productivity will reach two million two hundred thousand (2,200,000) units per day (representing the handling of two thousand and seven hundred (2,700) Pallets) with the completion of the first stage of the automation project. Warehouse automation will have competitive advantages, including safe and error-free warehouses, a mix of optimal quality, speed and profitability, and a fully automated operation. Warehouses will be operated by material handling equipment, radio frequency technology for all warehouse activities, and advanced warehouse management system, not to mention fully automated monitoring of inventory, warehouses, and overdue tasks. As at the date of the Prospectus, the first stage of the automation project is 95% complete. The Company's plans also include the expansion of the current warehouse in Sudair by adding approximately twenty-three thousand (23,000) square meters to increase the capacity and support business. This expansion is expected to cost about fifty four million Saudi Riyals (SAR 54,000,000), and to start operation in 2023G.

In line with Vision 2030 and believing in the key role of supply chains, a strategic plan for supply chains has been developed. A group of warehouses with the highest specifications and standards will be constructed in the Eastern Province and Western Province during the next five years. In addition, before the end of 2030, the major hubs north and south of the Kingdom are to be covered by a network of warehouses with the highest specifications and standards.

4-5 Company's Investments Outside the Kingdom

The Company has a number of subsidiaries incorporated outside the Kingdom, two in the UAE, and two in Germany (for further details, see Section 12-2-3 "**Subsidiaries**" of this Prospectus). None of these subsidiaries is considered material for the purposes of the Rules on the Offer of Securities and Continuing Obligations.

Below is a description of the subsidiaries incorporated outside the Kingdom.

4-5-1 UAE-based Subsidiaries

a) Al-Dawaa Medical Services Company - Dubai (UAE - Dubai)

Al-Dawaa Medical Services FZ, LLC is a limited liability company incorporated in Dubai, UAE under Commercial Registration No. 55 dated 08/24/1426H (corresponding to 09/28/2005G) with a capital of one hundred thousand UAE dirhams (AED 100,000). equivalent to one hundred two thousand one hundred eight Saudi Riyals (SAR 102,108), divided into two shares with a nominal value of fifty thousand UAE dirhams (AED 50,000) (equivalent to fifty-one thousand fifty-four Saudi Riyals (SAR 51,054)) per share. The Company owns 100% of the capital of Al-Dawaa Medical Services Company - Dubai. Al-Dawaa Medical Services Company - Dubai engages in marketing activities.

b) Glanzzen (UAE - Dubai)

Glanzzen FZ, LLC is a limited liability company incorporated in Dubai, UAE under Commercial Registration No. 1188 dated 01/25/1442H (corresponding to 09/13/2020G) with a capital of one hundred thousand UAE dirhams (AED 100,000) equivalent to one hundred two thousand one hundred eight Saudi Riyals (SAR 102,108), divided into one hundred (100) shares, with a nominal value of one thousand UAE dirhams (AED 1,000) equivalent to one thousand twenty Saudi Riyals (SAR 1,020) per share. Höllinz and Rönzac each own 50% of the capital of Glanzzen. Glanzzen engages in marketing and healthcare management consulting activities.

4-5-2 Germany-based Subsidiaries

a) Höllinz (Germany)

Höllinz is a limited liability company incorporated in Germany under Commercial Registration No. 218668 dated 08/04/1436H (corresponding to 05/22/2015G) with a capital of twenty-five thousand euros (EUR 25,000) equivalent to one hundred twelve thousand seven Saudi Riyals (SAR 112,007), divided into twenty-five thousand (25,000) shares, with a nominal value of one euro (EUR 1) equivalent to four Saudi Riyals forty-eight halalas (SAR 4.48) per share. The Company owns 100% of the capital of Höllinz. Höllinz engages in marketing licensing activities for pharmaceuticals, consumer goods, and food products.

b) Rönzac (Germany)

Rönzac is a limited liability company incorporated in Germany under Commercial Registration No. 218674 dated 08/04/1436H (corresponding to 5/22/2015G) with a capital of twenty-five thousand euros (EUR 25,000) equivalent to one hundred twelve thousand seven Saudi Riyals (SAR 112,007), divided into twenty-five thousand (25,000) shares, with a nominal value of one euro (EUR 1) equivalent to four Saudi Riyals forty-eight halalas (SAR 4.48) per share. The Company owns 100% of the capital of Rönzac. Rönzac engages in marketing licensing activities for pharmaceuticals, consumer goods, and food products.

4-6 Business Continuity

The Directors declare that there has been no interruption in the Company's business that may influence or has a significant impact on its financial position during the last 12 months.

4-7 Employees

4-7-1 The Company

The following table shows a breakdown of the Company's employees per main activity and Saudization percentage:

Table (4-14): Company's Employees as at December 31, 2018G, 2019G, 2020G and the six months period ending June 30, 2021G

#	Department	FY 2018G			FY 2019G			FY 2020G			Six months period ending June 30, 2021G		
		Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
1.	General Administration	6	7	13	6	7	13	7	7	14	7	7	14
2.	Special Items	1	4	5	1	4	5	2	3	5	6	3	9
3.	Supplies	220	350	570	140	571	711	307	670	977	350	678	1,028
4.	Training	0	9	9	0	12	12	0	11	11	0	11	11
5.	Marketing	42	16	58	40	12	52	41	12	53	30	10	40
6.	Classification	0	0	0	0	0	0	50	268	318	41	264	305
7.	Distribution	3	39	42	0	0	0	5	71	76	10	83	93
8.	Quality	3	8	11	3	8	11	4	8	12	5	8	13
9.	Support Services	102	191	293	89	198	287	28	69	97	37	111	148
10.	Legal Affairs	4	4	8	5	4	9	4	3	7	4	3	7
11.	Pharmacies	740	2,772	3,512	780	2,867	3,647	912	2,911	3,823	1,126	2,830	3,956
12.	Financial Affairs	96	115	211	96	162	258	92	157	249	87	159	246
13.	Procurement	25	40	65	25	45	70	9	18	27	16	20	36
14.	HR	76	4	80	79	4	83	78	4	82	85	4	89
15.	Locations	6	0	6	6	0	6	5	0	5	5	0	5
16.	Categories	0	0	0	0	0	0	8	10	18	6	8	14
Total		**1,324**	**3,559**	**4,883**	**1,270**	**3,894**	**5,164**	**1,552**	**4,222**	**5,774**	**1,815**	**4,199**	**6,014**

Source: The Company

4-7-2 Requirements of Saudization and Nitaqat Program

The following table sets out the Company's compliance with Saudization requirements based on its classification under Nitaqat program as at 04/04/1443H (corresponding to 11/09/2021G):

Table (4-15): Classification of the Company under Nitaqat Program as at 04/04/1443H (corresponding to 11/09/2021G):

Activity type	Saudization ratio	Band
Pharmacies entity	27.77%	Medium Green
Maintenance and operations entity	28.81%	High Green
Storage	30.96%	Low Green
Wholesale and retail entity	24.86%	Medium Green
Small assembled entity	100%	Medium Green
Insurance and Business Services entity	45.43%	Low Green
Mailing activities entity	70%	Platinum

Source: The Company

4-7-3 Training and Development of Human Resources

The Company pays a great deal of attention to developing employee performance through the Training Department, which aims to develop the knowledge and skills of employees by providing periodic qualifying training programs to keep pace with everything new in the world of medical and cosmetic products, in addition to health services, to keep up with the changes and challenges of the market and customer satisfaction.

In light of globalization and continuous change, the Company is constantly developing its strategy to maintain its competitive advantage, and this development affects the functional strategies of each job or activity, including the training activity. Training is an ongoing organized process within the Company that aims to enhance capabilities of employees and provide them with the necessary information and skills to enable them to effectively perform their work.

a) Company's Training Objectives

There are many objectives of the Company's training, including:

- Empowering employees, since despite the efficient selection of employees for recruitment, it is difficult, without effective and continuous training, to ensure that employees are able to fully utilize their potential to meet the Company's current and strategic objectives.
- Connecting employees with the Company's objectives, given that employees' perfect performance may not be effective if it does not contribute to realizing the set objectives.
- Improving performance and correcting errors in the normal course of the employees' work.
- Enabling newly appointed employees to perform their work efficiently, through the information, skills, and self-confidence that they acquire from primary training.

b) Types of the Company's Training

The Company's training is delivered either in-house (coaching) or online, and includes all employees of the Company. It is initially provided directly post-hire or on an ongoing basis throughout the term of service with the Company.

- **Coaching**

This type of training takes place in special rooms or in the workplaces of the trainees, such as pharmacies. This type has many advantages, including:

- Serving as an opportunity for interaction and competition among trainees.
- Possibility to answer trainees' questions immediately.
- Creating an appropriate environment that allows flexibility and competition during training.

- **E-training**

This type of training is carried out through special professional platforms, such as Webex, providing a virtual medium which the trainees can access at anytime and anywhere. This type has also certain advantages, including:

- It is easier to implement and more economical.
- It ensures that the training material reaches the largest possible number of trainees.
- It provides high flexibility in the times available for training depending on the work conditions of the trainees.
- It ensures that training activity continues while gatherings are restricted due to a pandemic.

c) Benefits of the Company's Training

The Company's training programs have a number of tangible benefits, including:

- Training contributes to solving all performance problems faced by the employee.
- Training contributes to developing and improving trainees' behavior and consolidating their mindset, which helps foster team spirit to realize the Company's objectives.

- Training contributes to the continuity of trainees in their work and building their professional ambition.
- Training helps build a generation of employees with modern thinking and managerial decision-making capacity in preparation for future leadership positions.

d) Training in Partnership with Educational Institutions and Universities

The Company has executed many agreements with a majority of the colleges of pharmacy in the Kingdom in order to train recently graduated pharmacists within the Company's pharmacies throughout the Kingdom. This aims to prepare pharmacists with scientific and practical qualifications suitable for the labor market in the shortest possible timeframe.

e) The Company's Trainers

All the Company's trainers are internationally accredited professional trainers with scientific and practical experience in their respective field of training. They all have the passion and capabilities to provide excellent training and to effectively communicate with the trainees, given that they are essential to the success of the training process and the realization of its objectives.

f) The Company's Training Department

The Company has an integrated department responsible for training its employees and ensuring the quality and efficiency of the Company's training programs. The Training Department's responsibilities include:

- Developing and coordinating policies and training plans for employees in order to improve their performance and efficiency.
- Identifying the training needs of employees based on the results of their performance evaluation in cooperation with their superiors, and then determining the training capabilities that must be available to meet those needs.
- Implementing, following-up, and evaluating training activities by cooperating and communicating with trainees' superiors to determine their progress.

4-8 Corporate Social Responsibility

Building on its leading role in community contribution, the Company has undertaken several campaigns and engaged in many strategic partnerships in the Kingdom with the key healthcare stakeholders in the Kingdom, such as the Wasfaty program and Seha platform with the Ministry of Health and one of the Company's semi-governmental customers. The Company worked in such strategic partnerships to distribute electronic prescriptions, primarily aimed at serving the full community by highlighting the leading role of Al-Dawaa Pharmacies in community service. Examples of these endeavors include:

- Major campaigns with health sector government entities, such as the Ministry of Health and the Saudi Food and Drug Authority, and their outstanding impact on improved health services in various regions of the Kingdom and health awareness, such as the COVID-19 vaccination campaign within Al-Dawaa Pharmacies.
- Strategic partnership with private associations that assist and support them in performing their effective role in community service, such as the Sharik Association for Health Research and Saudi Society of Medication Education (Dawai Association).
- Awareness campaigns to promote health awareness, such as awareness campaigns on World Health Days.
- Awareness campaigns for the various segments of community in need of support, such as the Sign Language Teaching Association.
- Seasonal awareness campaigns with government entities, such as Hajj season campaigns and others.
- Sponsoring conferences and campaigns that serve the community.
- Providing direct support (in-kind and cash for initiatives that serve the community).

The Company devotes much of its efforts to social responsibility and contributes to the community. These efforts also include entering into several agreements with charitable societies and providing financial support for the care of a number of families, orphans and widows. Building on its belief that human care is the highest community responsibility, the Company collaborated with the Ministry of Health amid the outbreak of COVID-19. On 07/18/1442H (corresponding to 03/02/2021G), the Ministry of Health announced a strategic partnership agreement signed with the Company to provide COVID-19 vaccines in Al-Dawaa Pharmacies. As the first community pharmacy in the Kingdom providing this service, citizens and expatriates are welcomed at branches of Al-Dawaa Pharmacies across the Kingdom and vaccines are provided to them.

5- Organizational Structure and Corporate Governance

5-1 Ownership Structure of the Company

The following table sets out the ownership structure of the Company pre-and post-Offering:

Table (5-1): Ownership Structure of the Company Pre-and Post-Offering

#	Shareholder	Pre-Offering			Post-Offering		
		Number of Shares	Overall Nominal Value (SAR)	Ownership (%)*	Number of Shares	Overall Nominal Value (SAR)	Ownership (%)*
1.	Mawarid Holding Company	42,499,575	424,995,750	49.9995%	29,749,703	297,497,030	34.99965%
2.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	20,400,000	204,000.000	24%	11,687,203	116,872,030	13.74965%
3.	Mohammed Saad Butti Al-Farraj Al-Subaie	7,862,075	78,620,750	9.2495%	6,800,000	68,000,000	8%
4.	Abdullah Saad Butti Al-Farraj Al-Subaie	7,862,500	78,625,000	9.25%	6,800,000	68,000,000	8%
5.	Waleed Mohammad Abdullah Al-Jaafari	2,125,000	21,250,000	2.5%	1,062,500	10,625,000	1.25%
6.	Hessah Saad bin Butti Al-Farraj Al-Subaie	2,125,000	21,250,000	2.5%	1,700,000	17,000,000	2%
7.	Nouf Saad Butti Al-Farraj Al-Subaie	2,125,000	21,250,000	2.5%	1,700,000	17,000,000	2%
8.	Ali Salem Abood Al-Qufail	425	4,250	0.0005%	297	2,970	0.00035%
9.	Sultan Mahdi Shalash Al-Anazi	425	4,250	0.0005%	297	2,970	0.00035%
10.	Public	-	-	-	25,500,000	255,000,000	30%
Total		**85,000,000**	**850,000,000**	**100%**	**85,000,000**	**850,000,000**	**100%**

* Ownership percentages are rounded.

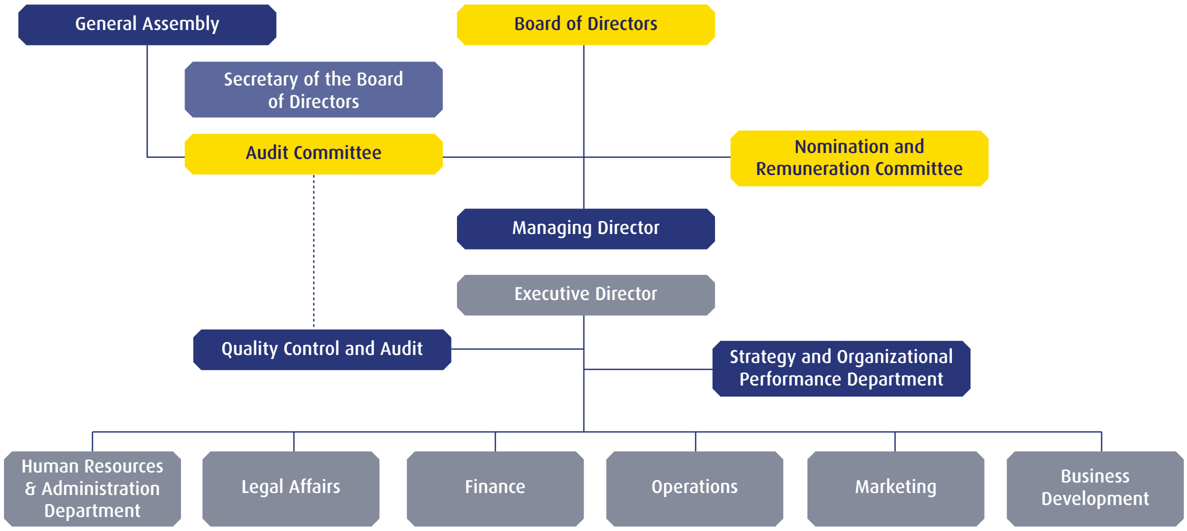
Source: The Company

5-2 Organizational Structure

The Shareholders of the Company delegate responsibility to the Board of Directors for the overall direction, supervision, and control of the Company. The Board of Directors delegates responsibility for overall day-to-day management of the Company to the senior management of the Company and, in particular, the Chief Executive Officer.

The below figure shows the Company's organizational structure as at the date of this Prospectus:

Figure (4): Company Organizational Structure



Source: The Company

5-3 Board of Directors

5-3-1 Formation of the Board

The Company is managed by a Board of Directors comprising six (6) Directors, including at least two (2) independent Directors appointed by the Shareholders' Ordinary General Assembly. The duties and responsibilities of the Board of Directors are determined under the Companies Law, the Corporate Governance Regulations, the Company's Bylaws, and the Company's Internal Governance Manual. The tenure of Directors, including the Chairman, shall be a maximum of three (3) years for each session, and they may be re-appointed unless otherwise provided for in the Company's Bylaws. As an exception, Shareholders, at the Conversion Assembly meeting, appointed the first Board of Directors for a five- (5) year session, starting on 10/25/1442H (corresponding to 6/6/2021G).

The following table shows the Directors and the Secretary as at the date of this Prospectus:

Table (5-2): The Company's Board of Directors

No.	Name	Position	Nationality	Age	Status	Direct Ownership (%)		Indirect Ownership (%)		Date of Appointment*
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Samir Mahmood Fayyad Abdulhadi	Chairman	Saudi	71 years	Non-executive/ Non-independent	N/A	N/A	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)
2	Ibrahim Salem Muhammad Al-Rowais	Vice Chairman	Saudi	61 years	Non-executive/ Independent	N/A	N/A	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)
3	Waleed Mohammad Abdullah Al-Jaafari	Director and Managing Director	Saudi	61 years	Executive/ Non-independent	2.5%	1.25%	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)

No.	Name	Position	Nationality	Age	Status	Direct Ownership (%)		Indirect Ownership (%)		Date of Appointment*
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
4	Mohammed Saad Butti Al-Farraj Al-Subaie	CEO & Director	Saudi	51 years	Executive/ Non-independent	9.2495%	8%	N/A	N/A	10/25/1442H (corresponding to 06/06/2021G)
5	Hassan Abdullah D. Al-Somali	Director	Saudi	64 years	Non-executive/ Independent	N/A	N/A	N/A	N/A	10/25/1442H (corresponding to 06/60/2021G)
6	Hamad Mohammed Mubarak Al-Huthaili	Director	Saudi	65 years	Non-executive/ Non-independent	N/A	N/A	N/A	N/A	10/25/1442H (corresponding to 6/6/2021G)

* Dates listed in this table are the dates of appointment of Directors to the current session. The biographies of the Directors state the dates on which the Directors were appointed to the Board or any other position (for further details, see Section 5-3-7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus).

Source: The Company

The Secretary of the Board of Directors is Mahmoud Marzouk Taha Hassan, who was appointed to this position on 11/24/1442H (corresponding to 7/4/2021G) (for a summary of his biography, see Section 5-3-7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus).

5-3-2 Board Responsibilities

The Board represents all Shareholders; it shall perform its duties of care and loyalty in managing the Company's affairs and undertake all actions in the general interest of the Company to develop it and maximize its potential.

The Board is responsible for the Company's business even if it delegates some of its powers to committees, individuals, or other third parties. In any case, the Board may not issue a general or an open-ended delegation.

Without prejudice to the competencies of the General Assembly as per the Companies Law and its Implementing Regulations and the Company's Bylaws, the Board shall have the broadest powers in managing the Company and guiding its activities to achieve its objectives. Among the main functions and competencies of the Board are the following:

a) Creating the plans, policies, strategies, and main objectives of the Company; supervising their implementation and reviewing them periodically; and ensuring that the human and financial resources required to fulfill them are available, including:

   1) Setting, reviewing, and directing a comprehensive strategy, key business plans, policies and risk management mechanisms for the Company.

   2) Determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets.

   3) Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.

   4) Setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company.

   5) Reviewing and approving the organizational and human resources structures of the Company on a periodic basis.

   6) Ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.

b) Creating and generally overseeing rules and procedures for internal control, including:

   1) Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Directors, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties.

2) Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports.

3) Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter, creating an environment which is aware of the culture of risk management at the Company level, and disclosing such risks transparently to the Stakeholders and parties related to the Company.

4) Reviewing the effectiveness of the Company's internal control procedures on an annual basis.

c) Setting forth specific and explicit policies, standards, and procedures for membership in the Board, without prejudice to the mandatory provisions of the Corporate Governance Regulations, and implementing them following approval by the General Assembly.

d) Developing a written policy that regulates the relationship with Stakeholders pursuant to the provisions of the Corporate Governance Regulations.

e) Setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to Shareholders and Stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures.

f) Supervising the management of the Company's finances, its cash flows, as well as its financial and credit relationships with third parties.

g) Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:

1) Increasing or decreasing the capital of the Company.

2) Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.

h) Providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:

1) Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose.

2) Forming additional financial allocations or reserves for the Company.

3) The method of distributing the net profits of the Company.

i) Preparing the Company's interim and annual financial statements and approving them before publishing them.

j) Preparing the Board report and approving it before publishing it.

k) Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency.

l) Developing effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses, as well as any material developments.

m) Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees, as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights, and obligations, and shall evaluate the performance and activities of these committees and their members.

n) Specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance, and remunerations in the form of shares without prejudice to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.

o) Setting the values and standards that govern the work at the Company.

The Board shall establish governance rules for the Company in accordance with Article 94 of the Corporate Governance Regulations, and shall monitor their implementation, verify their effectiveness, and amend them as necessary. To that end, the Board shall:

a) Verify that the Company is in compliance with these rules.

b) Review and update the rules pursuant to statutory requirements and best practices.

c) Review and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfill the Company's requirements and in accordance with best practices.

d) Regularly inform the Directors of the developments in corporate governance and best practices, or authorize the Audit Committee or any other committee or department to undertake this task.

The Board shall form the Executive Management of the Company, regulate its operating procedures, monitor and oversee it, and ensure that it performs the duties assigned to it. To achieve this, the Board shall:

a) Develop the necessary administrative and financial policies.

b) Ensure that the Executive Management operates in accordance with the policies approved by the Board.

c) Select and appoint the Chief Executive Officer of the Company, and oversee his/her work.

d) Appoint the manager of the internal audit unit or department, or the internal auditor and dismiss him and determine his remuneration, if any.

e) Convene periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and review and discuss the important information in respect of the Company's business.

f) Develop standards for the performance of the Executive Management consistent with the objectives and strategy of the Company.

g) Review and evaluate the performance of the Executive Management.

h) Develop succession plans for the management of the Company.

The Board shall establish a policy for professional conduct and ethical values at the Company, which shall take the following into particular consideration:

a) Ensure that each member of the Board or the Executive Management and employees performs their duties of care and loyalty to the Company, and undertake the measures that may protect the Company's interests and contribute to its development and increase its value, and shall, at all times, prioritize the Company's interests over their own interests.

b) A Director shall represent all shareholders of the Company and take all actions to achieve the best interests of the Company and its shareholders, while protecting the rights of the other Stakeholders rather than only the interests of the group that elected him.

c) Entrench among the Directors and Senior Executives the principle of compliance with all relevant laws, regulations and instructions.

d) Prevent the Directors or the Executive Management from abusing their positions with the aim of achieving benefits for themselves or a third party.

e) Ensure that the Company's assets and resources are only used to achieve the Company's purposes and objectives, and not to achieve personal interests.

f) Establish accurate, well-formed, and clear rules regulating the authority to access the Company's internal information and timing to access it in a way that prevents the Directors, the Executive Management and others from making personal use or disclosing the same to any person, except within the prescribed limits or as permitted by law.

Each Director shall comply with the principles of truthfulness, honesty, loyalty, and care for the interests of the Company and its Shareholders, and prioritize their interests over his/her personal interests. This shall include, in particular, the following:

a) Truthfulness: Achieved when the relationship between the Director and the Company is an honest professional relationship, and when he discloses any significant information to the Company before entering into any transaction or contract with the Company or any of its Subsidiaries.

b) Loyalty: Achieved when the Director avoids transactions that may entail conflicts of interest and ensures fairness of dealing, in compliance with the provisions relating to conflicts of interest in the Corporate Governance Regulations.

c) Care: Achieved by performing the duties and responsibilities set forth in the Companies Law, the Capital Market Law and their implementing regulations, and the Company's bylaws and other relevant laws.

5-3-3 Chairman

The competencies and duties of the Chairman shall include:

a) Ensuring that the Directors obtain complete, clear, accurate, and non-misleading information in due course.

b) Ensuring that the Board effectively discusses all fundamental issues in due course.

c) Representing the Company before third parties in accordance with the Companies Law and its Implementing Regulations and the Company's Bylaws.

d) Encouraging the Directors to effectively perform their duties in order to achieve the interests of the Company.

e) Ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board.

f) Encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, Non-Executive and Independent Directors on the other hand, and creating a culture that encourages constructive criticism.

g) Preparing agendas of the Board meetings, taking into consideration any matters raised by Directors or the Auditor and consult with the Directors and the Chief Executive Officer upon preparing the Board's agenda.

h) Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company.

i) Notifying the Ordinary General Assembly while convening of the businesses and contracts in which any Director has direct or indirect interest. The notification shall be accompanied by a special report of the Company's external auditor.

5-3-4 Vice Chairman

The Board of Directors shall appoint from among the Directors a vice chairman to replace the Chairman if the latter is absent.

5-3-5 Secretary

The competencies and duties of the Secretary shall include:

a) Documenting Board meetings and preparing minutes therefor, which shall include the discussions and deliberations held during such meetings, as well as the place, date, and times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organized register, as well as including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending Directors.

b) Retaining the reports submitted to the Board and the reports prepared by it.

c) Providing Directors with the Board's agenda, working papers, documents, information, and any additional documents or information requested by any of the Directors in relation to the topics of the meeting agenda.

d) Ensuring that the Directors comply with the procedures approved by the Board.

e) Informing Directors of meeting appointments sufficiently before the date specified.

f) Presenting the draft meeting minutes to the Directors for their views before signing them.

g) Ensuring that Directors have completely and rapidly obtained the Board meeting minutes, and information and documents related to the Company.

h) Coordinating among the Directors.

i) Regulating the disclosure register of the Board and Executive Management as per Article 92 of the Corporate Governance Regulations.

j) Providing assistance and advice to the Directors.

5-3-6 Employment and Service Contracts with the Directors

There are no employment or service contracts concluded between the Company and the members of the Board of Directors in their capacity as Board members. However, the Company has entered into management contracts with members of the Board of Directors Waleed Mohammed Abdullah Al-Jaafari and Mohammed Saad Butti Al-Faraj Al-Subaie in their executive capacity as Managing Director and CEO, respectively (for more information, please see Section 5-5-3 "**Employment Contracts with CEO and CFO**" of this Prospectus).

5-3-7 Summary Biographies of the Directors and the Secretary

The following is a summary of the biographies of the Directors and the Secretary:

Table (5-3): Summary Biography of Samir Mahmood Fayyad Abdulhadi

Name	Samir Mahmood Fayyad Abdulhadi
Age	71 years
Nationality	Saudi
Position	Chairman
Academic Qualifications	• Master's degree in Petrochemicals and Hydrocarbons, UMIST, UK, 1976G. • Bachelor's degree in Economics, University of London, UK, 1975G
Current Positions	• Chairman of the Company, from 2021G to date. • Assistant Chairman, Mawarid Holding Company, a Saudi limited liability company managing its subsidiaries, from 2020G to date. • Executive Director of Investment Affairs, Distribution & Trade, Mawarid Holding Company, a Saudi limited liability company managing its subsidiaries, from 2020G to date. • Vice Chairman, Panther Media Limited, an UAE company operating in media, from 2009G to date.
Most Prominent Past Professional Experience	• Chief Executive Officer, Orbit Group, a Bahraini limited liability company operating in media and communications, from 2009G to 2020G. • General Director of Trading and Distribution Group, Mawarid Holding Company, a Saudi limited liability company managing its subsidiaries, from 1999G to 2020G. • Vice Chairman, Saudi Chemical, a Saudi joint stock company operating in chemical industries and drug distribution, from 2001G to 2012G. • Member of the Executive Committee, Saudi Chemical, a Saudi joint stock company operating in chemical industries and drug distribution, from 2001G to 2012G. • Head of Nomination Committee, Saudi Chemical, a Saudi joint stock company operating in chemical industries and drug distribution, from 2001G to 2012G. • Chairman, Meed Holding Co., a Saudi closed joint stock company operating in trade, from 2009G until 2011G. • Chairman and Chief Executive Officer, Orbit Communications Company, an Italian company operating in media and communications industry, from 2002G to 2009G. • General Manager, Mawarid Trading, a Saudi limited liability company operating in trade, from 1994G to 1999G. • General Manager, Mawarid Marketing Company, a Saudi limited liability company operating in trade, from 1994G to 1999G. • General Manager, Mawarid Food Company, a Saudi limited liability company operating in food and world-class restaurants, from 1991G to 1994G. • Managing Director, Chemical Detergents Arab Co. (DAC), a Saudi limited liability company operating in manufacture and distribution of hygiene materials, from 1987G to 1990G. • Director of Project Evaluation Department, Saudi Basic Industries Corp (SABIC), a listed joint stock company operating in the petrochemical and chemical industries, industrial polymers, fertilizers and metals, from 1979G to 1983G. • Director of Technology Department, Saudi Basic Industries Corp (SABIC), a listed joint stock company operating in the petrochemical and chemical industries, industrial polymers, fertilizers, and metals, from 1977G to 1983G. • Deputy Chief Executive Officer, Eastern Petrochemical Company (SHARQ), a Saudi closed joint stock company operating in petrochemical products, from 1984G to 1986G. • Vice Chairman, Eastern Petrochemical Company (SHARQ), a Saudi closed joint stock company operating in petrochemical products, from 1982G to 1986G. • Head of several executive and other committees in Saudi Basic Industries Corp (SABIC), a listed joint stock company operating in the petrochemical and chemical industries, industrial polymers, fertilizers and metals, from 1977G to 1986G.

Source: The Company

Table (5-4): Summary Biography of Ibrahim Salem Muhammad Al-Rowais

Name	Ibrahim Salem Muhammad Al-Rowais
Age	61 years
Nationality	Saudi
Position	Vice Chairman
Academic Qualifications	• Bachelor's degree in Accountancy, King Saud University, Saudi Arabia, 1982G.
Current Positions	• Vice Chairman of the Company, from 2021G to date. • Head of the Company's Audit Committee, from 2021G to date. • Member of the Company's Nomination and Remuneration Committee, from 2021G to date. • Director, Eastern Cement, a Saudi listed joint stock company operating in cement production, from 2021G to date. • Head of the Audit Committee, Eastern Cement, a Saudi listed joint stock company operating in cement production, from 2017G to date. • Member of Nomination and Remuneration Committee, Eastern Cement, a Saudi listed joint stock company operating in cement production, from 2017G to date. • Director, Arabian Yemen Cement Company Limited, a Yemeni limited liability company operating in fertilizer production, from 2012G to date. • Head of the Audit Committee, Arabian Yemen Cement Company Limited, a Yemeni limited liability company operating in fertilizer production, from 2017G to date. • Member of the Audit Committee, Dur Hospitality, a Saudi listed joint stock company operating in real estate development and accommodation, from 2010G to date. • Director, Eastern Cement, a Saudi listed joint stock company operating in cement production, from 2009G to date.
Most Prominent Past Professional Experience	• Member of the executive committee, Eastern Cement, a Saudi listed joint stock company operating in cement production, from 2012G to 2017G. • Member of the audit committee, Eastern Cement, a Saudi listed joint stock company operating in cement production, from 2009G to 2012G. • Member of the audit committee, Tawuniya Insurance, a Saudi listed joint stock company operating in insurance, from 2005G to 2014G. • Director, Gulf Tourist Areas Company Limited, a Saudi limited liability company operating in construction, ownership and sale of residential, commercial, recreational, and hotel facilities, from 2004G to 2009G. • Internal auditor and financial advisor, Public Pension Agency, a Saudi government authority operating in retirement management in the Kingdom, from 2003G to 2017G. • Accountant and financial analyst, Ministry of Finance, a Saudi government authority preparing the Kingdom's budget and drawing up the Kingdom's financial and economic policy, from 1982G to 2003G.

Source: The Company

Table (5-5): Summary Biography of Waleed Mohammad Abdullah Al-Jaafari

Name	Waleed Mohammad Abdullah Al-Jaafari
Age	61 years
Nationality	Saudi
Position	Director and Managing Director
Academic Qualifications	• Bachelor's degree in Economics, King Saud University, Saudi Arabia, 1982G.

Current Positions	• Managing Director of the Company, from 2021G to date. • Director, Industrialization & Energy Services Company (TAQA), a Saudi closed joint stock company operating in industrialization and energy, from 2020G to date. • Director, Eastern Cement, a Saudi listed joint stock company operating in cement production, from 2019G to date. • Director, Advanced Petrochemicals, a Saudi listed joint stock company operating in petrochemicals, from 2010G to date. • Director, Walaa Cooperative Insurance Company, a Saudi listed joint stock company operating in insurance, from 2016G to date. • Vice chairman, Tourism International Company, a Saudi closed joint stock company operating in tourism development, from 2008G to date. • Chairman, Gulf Real Estate Development Company, a Saudi closed joint stock company operating in real estate projects, from 2006G to date.
Most Prominent Past Professional Experience	• Chairman of the Company, from 2001G to 2021G. • General manager and director, Gulf Stevedoring Contracting Company (GSCCO), a Saudi limited liability company operating in management and operation of ports and airports, from 1985G to 1998G. • Member of the teaching staff, Institute of Public Administration (IPA), a Saudi government authority operating in preparation and improvement of the efficiency of state employees, along with administrative organization of government administration, from 1982G to 1985G.

Source: The Company

Table (5-6): Summary Biography of Mohammed Saad Butti Al-Farraj Al-Subaie

Name	Mohammed Saad Butti Al-Farraj Al-Subaie
Age	51 years
Nationality	Saudi
Position	Director & CEO
Academic Qualifications	• EMBA, American University of Beirut (AUB), Lebanon, 2008G. • Bachelor's degree in Finance Management, KFUPM, Saudi Arabia, 1994G.
Current Positions	• Member, Charitable Society (Athath), a Saudi charitable society operating in furniture, from 2020G to date. • Chairman, Eastern Cement, a Saudi listed joint stock company operating in cement production, from 2018G to date. • Director, Dhahran International Exhibitions Company (Dhahran Expo), a Saudi closed joint stock company operating in exhibitions, from 2016G to date. • Chairman, Kanaf Charitable Society, a Saudi charitable association providing medical insurance services to orphans and their widowed mothers in the Kingdom, from 2015G to date. • Director, National Laboratory Company Ltd. (MAAMEL), a Saudi limited liability company operating in laboratories, from 2009G to date. • Founder and CEO of the Company, from 1993G to date.
Most Prominent Past Professional Experience	• Member of the Advisory Board, Dammam Community College, a Saudi college operating in education, from 2017G to 2021G. • Director, Saudi Marketing Company (Farm Superstores), a Saudi listed joint stock company operating in retail, trade, and import, from 2014G to 2020G. • Director, Saudi Cancer Society, a Saudi society operating in cancer care, from 2017G to 2019G. • Vice chairman of Asharqia Chamber, a Saudi Chamber operating in the business sector and development of the economies of the Eastern Province, for the 17th session from 2014G to 2018G. • Director, the Saudi Food and Drug Authority, a Saudi government authority operating in food and drug, from 2014G to 2016G. • Director, Council of Saudi Chambers, a Saudi organization operating activities with common interests of the Kingdom's chambers of commerce and industry, from 2010G to 2013G. • Vice chairman of Asharqia Chamber, a Saudi Chamber operating in the business sector and development of the economies of the Eastern Province, for the 15th, 16th, and 17th sessions from 2006G to 2013G.

Source: The Company

Table (5-7): Summary Biography of Hassan Abdullah D. Al-Somali

Name	Hassan Abdullah D. Al-Somali
Age	64 years
Nationality	Saudi
Position	Director
Academic Qualifications	• MBA majoring in Insurance, American University of London, UK, 2002G. • Bachelor's degree in Economics, Bocconi University, Italy, 1977G.
Current Positions	• A Company Director, from 2021G to date. • Head of the Company's Nomination and Remuneration Committee, from 2021G to date. • Chief Executive Officer, SAICO, a Saudi listed joint stock company operating in insurance, from 2007G to date. • Director, Yemen General Insurance Company (YGI), a Yemeni joint stock company operating in insurance, from 1989G to date. • Director, Saudi Arabian Insurance Company Limited, a Bahraini limited liability company operating in insurance, from 2013G to date.
Most Prominent Past Professional Experience	• Deputy Chief Executive Officer and General Manager, Saudi Arabian Insurance Company Limited, a Bahraini limited liability company operating in insurance, from 1988G to 2009G. • Member of the executive committee, General Arab Insurance Federation (GAIF), an international Arab organization operating in insurance, from 2004G to 2008G. • Director, Gulf Assist, a Bahraini company operating in insurance, from 1994G to 2007G. • Member of National Industrial Committee under the auspices of the Council of Saudi Chambers of Commerce and Industry, a Saudi committee operating in insurance, from 1996G to 2000G. • Member of the Technical Committee and the Executive Committee of GCC Coordination Council for Insurance and Reinsurance Companies, a GCC association operating in insurance, from 1995G to 2000G. • Chairman, Technical Committee for Insurance Services, a Saudi committee operating in insurance services, from 1996G to 1999G. • Assistant General Manager, Al-Yamama Insurance Co., a Bahraini company operating in insurance, from 1982G to 1988G. • Head of Riyadh Insurance Forum of Saudi Arabian Association for Insurance Companies, Brokers and Loss Assessment operating in Riyadh, a Saudi forum operating in insurance, from 1983 to 1987. • Chief technical officer, Al-Yamama Insurance Co., a Bahraini company operating in insurance, from 1981G to 1982G. • Insurance underwriting officer, Wataniya Insurance, a Saudi joint stock company operating in insurance, from 1978G to 1981G. • Claim insurance underwriting officer, Claims and Reinsurance Management Unit, Wataniya Insurance, a Saudi joint stock company operating in insurance, from 1977G to 1978G.

Source: The Company

Table (5-8): Summary biography of Hamad Mohammed Mubarak Al-Huthaili

Name	Hamad Mohammed Mubarak Al-Huthaili
Age	65 years
Nationality	Saudi
Position	Director
Academic Qualifications	• Bachelor's degree in Financial Management and Marketing Management, St. Thomas University, USA, 1984G.

Current Positions	• A Company Director, from 2021G to date. • Member of the Company's Nomination and Remuneration Committee, from 2021G to date. • Director, Mawarid Energy and Mining Company, a Saudi limited liability company operating in energy and minerals, from 2019G to date. • Director, Integrated Telecom (ITC), a Saudi limited liability company providing Internet services, from 2019G to date. • Director, Investment and Trade Company, a limited liability company operating in trade, from 2017G to date. • Senior advisor, Mawarid Holding Company, a Saudi limited liability company managing its subsidiaries, from 2015G to date.
Most Prominent Past Professional Experience	• Director, Rasmala Investment Bank, a UAE bank operating in financial services, from 2007G to 2014G. • Managing director, Rasmala Investment Company, a Saudi limited liability company operating in financial services, from 2007G to 2014G. • Director, Rasmala Investment Bank, an UAE investment bank operating in financial and investment services, from 2007G to 2010G. • Secretary-general and general manager, Saudi Hollandi Bank (merged with Saudi British Bank [SABB]), a Saudi joint stock company operating in banking services, from 2000G to 2007G. • Head of HR committee, Saudi Hollandi Bank (merged with Saudi British Bank [SABB]), a Saudi joint stock company operating in banking services, from 2000G to 2003G. • Member of the investment committee, Saudi Hollandi Bank (merged with Saudi British Bank [SABB]), a Saudi joint stock company operating in banking services, from 2000G to 2003G. • Member of asset allocation Committee, Saudi Hollandi Bank (merged with Saudi British Bank [SABB]), a Saudi joint stock company operating in banking services, from 2000G to 2003G. • Member of main credit committee, Saudi Hollandi Bank (merged with Saudi British Bank [SABB]), a Saudi joint stock company operating in banking services, from 2000G to 2003G. • Member of initial public offering floatation committee, Hollandi Capital, a Saudi joint stock company providing banking services and financial advice, from 2000G to 2003G. • General manager of Financial Institutions Group, Saudi Hollandi Bank (merged with Saudi British Bank [SABB]), a Saudi joint stock company operating in banking services, from 1998G to 2003G. • Member of contracts committee, Saudi Hollandi Bank (merged with Saudi British Bank (SABB)), a Saudi joint stock company operating in banking services, from 1998G to 2003G. • Member of compliance, Know Yout Client and Anti-Money Laundering committee, Saudi Hollandi Bank (merged with Saudi British Bank (SABB)), a Saudi joint stock company operating in banking services, from 1997G to 2000G. • General manager of Banking Business Development and Government Accounts Group, Saudi Hollandi Bank (merged with Saudi British Bank [SABB]), a Saudi joint stock company operating in banking services, from 1995G to 2000G. • Director, Saudi Travelers Cheque Company, a Saudi limited liability company operating in travelers cheques services, from 1995G to 1996G. • Director, Saudi Stock Registration Company (currently Tadawul), a Saudi joint stock company operating as the principal stock exchange in the Kingdom, from 1995G to 1996G. • Director General for Administrative Affairs, Marketing and Product Support, Saudi Hollandi Bank (merged with Saudi British Bank [SABB]), a Saudi joint stock company operating in banking services, from 1990G to 1995G. • Assistant vice president of marketing and public relations, Mawarid Holding Company, a Saudi limited liability company managing its subsidiaries, from 1987G to 1990G. • Assistant vice chairman, Mawarid Holding Company, a Saudi limited liability company managing its subsidiaries, from 1987G to 1990G. • Assistant vice chairman, Neft Company, a Saudi limited liability company operating in distribution of petroleum derivatives, from 1987G to 1990G. • Senior investment advisor, Saudi Arabian Monetary Authority (currently the Saudi Central Bank), the central bank of the Kingdom of Saudi Arabia that issues currency, oversees, and supervises financial institutions, deals with the banking affairs of the Government, and manages and invests foreign exchange reserves, from 1984G to 1987G.

Source: The Company

Table (5-9): Summary Biography of Mahmoud Marzouk Taha Hassan

Name	Mahmoud Marzouk Taha Hassan
Age	42 years
Nationality	Egyptian
Position	Secretary of the board of directors
Academic Qualifications	• B.A. majoring in English, Cairo University, Arab Republic of Egypt, 2000G.
Current Positions	• Secretary of the Company's Board of Directors, from 2021G to date.
Most Prominent Past Professional Experience	• English language teacher in the Arab Republic of Egypt, 2008G. • Executive Secretary of the Company, from 2008G to date.

Source: The Company

5-4 Board Committees

A number of committees emerge from the Company's Board of Directors, which are formed based on the Company's need, circumstances, and conditions to enable it to perform its tasks effectively in addition to fulfilling relevant legal requirements. These committees include the Audit Committee and Nomination and Remuneration Committee.

The following is a summary of the structure, responsibilities, and members of each Committee:

5-4-1 Audit Committee

a) Formation of Audit Committee

The Audit Committee consists of three (3) members appointed pursuant to an Ordinary General Assembly resolution dated 11/25/1442H (corresponding to 07/05/2021G). The following table includes the members of Audit Committee:

Table (5-10): Members of the Audit Committee

#	Name	Position	Status
1.	Ibrahim Salem Muhammad Al-Rowais	Head of Audit Committee	Independent/Non-executive
2.	Abdulrahman Abdullah Abdulaziz Al-Duhaim	Audit Committee Member	Member (non-board)
3.	Walid Essam Sabry	Audit Committee Member	Member (non-board)

Source: The Company

b) Responsibilities of Audit Committee

The duties and responsibilities of Audit Committee include:

1) Financial Reports:

a. Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency.

b. Providing the technical opinion, at the request of the Board, regarding whether the Board's report and Company's financial statements are fair, balanced, and understandable and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model, and strategy.

c. Analyzing any important or non-familiar issues contained in the financial reports.

d. Accurately investigating any issues raised by the Company's Chief Financial Officer, or any person assuming their duties, or the Company's Compliance Officer or Auditor.

e. Examining the accounting estimates in respect of significant matters that are contained in the financial reports.

f. Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

2) Internal Audit:

a. Examining and reviewing the Company's internal and financial control and risk management systems.

b. Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.

c. Monitoring and overseeing the performance and activities of Chief Audit Executive and Internal Audit Department of the Company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the Company has no Chief Audit Executive, the Committee shall provide a recommendation to the Board on whether there is a need to appoint a manager of internal audit.

d. Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor, and suggesting their remunerations.

3) Auditor

a. Providing recommendations to the Board to nominate the auditor, dismiss it, determine its remunerations, and assess its performance after verifying its independence and reviewing the scope of its work and the terms of its contracts.

b. Verifying the independence of the auditor, its objectivity, fairness, and the effectiveness of the audit activities, taking into account the relevant rules and standards.

c. Reviewing the plan of the Company's Auditor and its activities, ensuring that it does not provide any technical or administrative works that are beyond its scope of work, and providing its opinion thereon.

d. Responding to queries of the Company's Auditor.

e. Reviewing the Auditor's Reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

4) Ensuring Compliance:

a. Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.

b. Ensuring the Company's compliance with the relevant laws, regulations, policies, and instructions.

c. Reviewing the contracts and proposed Related Party transactions, and providing its recommendations to the Board in connection therewith.

d. Reporting to the Board any issues in connection with what it deems necessary to take action upon, and providing recommendations as to the steps that should be taken.

e. The Audit Committee shall develop arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Audit Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy, and shall adopt appropriate follow-up procedures.

5) Reporting Responsibilities

a. The Head of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

b. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its jurisdiction where action or improvement is needed.

c. The Company shall bookkeep the audit reports and work documents that clearly include achievements, results, recommendations, and actions taken in respect of such results and recommendations.

c) Summary Biographies of Audit Committee's Members

The following is the summary biography of the Audit Committee's members:

Table (5-11): Summary Biography of Ibrahim Salem Muhammad Al-Rowais

Name	Ibrahim Salem Muhammad Al-Rowais
Position	Head of Audit Committee
Biography	See Section 5-3-7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Table (5-12): Summary Biography of Abdulrahman Abdullah Abdulaziz Al-Duhaim

Name	Abdulrahman Abdullah Abdulaziz Al-Duhaim
Age	62 years
Nationality	Saudi
Position	Audit Committee Member
Academic Qualifications	• BAS majoring in Accounting, King Saud University, Saudi Arabia, 1402H
Current Positions	• Member of the Company's Audit Committee, from 2021G to date. • Chairman, Saudi Hotel Services Company, which owns Crowne Plaza Riyadh Palace, from 2013G to date. • Director and member of the audit committee of a tourism company owned by a group of investors, most notably Public Pension Agency, General Organization for Social Insurance, and King Faisal Foundation, and holds a number of tourism, entertainment and real estate projects in Asir region, from 2017G to date. • Director and member of the audit committee, Arak Company, a Saudi company operating in management and operation of a number of projects in Medina, from 2018G to date. • Director and member of the audit committee, Haif Company, a Saudi company operating in contracting and real estate, from 2019G to date. • Member of the audit committee, Dur Hospitality, a Saudi listed joint stock company operating in real estate development and accommodation, from 2016G to date. • Member of the audit committee, Al Balad Al Ameen Co., a Saudi company, from 2021G to date.
Most Prominent Past Professional Experience	• An internal auditor, General Organization for Social Insurance, a government institution that follows up the process of achieving the compulsory insurance coverage, collecting contributions from employers and paying benefits for the eligible contributors or their family members, from 1982G to 1983G. • Accounting specialist, Saudi Consulting House, a Saudi company operating in financial consulting, from 1985G to 1986G. • Director of internal control, Saudi Livestock Transport & Trading, a Saudi company operating in livestock trading, from 1985G to 1986G. • Several positions, the most recent of which was the deputy chief executive officer of Dur Hospitality, a Saudi listed joint stock company operating in real estate development and accommodation, from 1986G to 2014G. • Member of the audit committee, National Medical Care Co (CARE), a Saudi company operating in health care, for two consecutive sessions ended 2017G. • Member of the audit and risk committee, Public Pension Agency, a Saudi government institution operating in regulation of retirement and retirees' care, from 2005 to 2014G. • Member of National Tourism Committee of Council of Saudi Chambers. a Saudi organization operating activities with common interests of the Kingdom's chambers of commerce and industry, from 2008G to 2010G.

Source: The Company

Table (5-13): Summary Biography of Walid Essam Sabry

Name	Walid Essam Sabry
Age	58 years
Nationality	Jordanian
Position	Audit Committee Member
Academic Qualifications	• MBA, Southern Illinois University, USA, 1989G. • Bachelor's degree in Management, majoring in Accounting, Yarmouk University, Hashemite Kingdom of Jordan, 1984G.
Current Positions	• Member of the Company's Audit Committee, from 2021G to date. • Chief Executive Officer, Mawarid Trading, a Saudi limited liability company operating in trade, from 2011G to date. • Chief Financial Officer, Mawarid Marketing Company, a Saudi limited liability company operating in trade, from 2011G to date.
Most Prominent Past Professional Experience	• A Company Director, from 2008G to 2021G. • Member of the audit committee, Media Gate, a Saudi limited liability company operating in digital content production and compilation, from 2012G to 2017G. • Member of the audit committee, Noorsat, a Jordanian limited liability company operating in television broadcasting, from 2012G to 2017G. • Senior financial manager, Mawarid Trading, a Saudi limited liability company operating in trade, from 2001G to 2011G. • Senior financial manager, Mawarid Marketing Company, a Saudi limited liability company operating in trade, from 2001G to 2011G. • Chief Financial Officer - Food Operations, Mawarid International Company, a Saudi limited liability company operating in trade, from 2001G to 2002G. • Chief Financial Officer - Retail Department of Fashion and Perfumes, Mawarid International Company, a Saudi limited liability company operating in trade, from 1998G to 2001G. • Director of public accounting, Mawarid Holding Company, a Saudi limited liability company managing its subsidiaries, from 1992G to 1998G. • Senior auditor, Al-Rashed Consultants and Accountants, a Saudi company operating in auditing and public accountancy, from 1990G to 1990G.

Source: The Company

5-4-2 Nomination and Remuneration Committee

a) Formation of Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three (3) members appointed pursuant to a Board Resolution dated 11/25/1442H (corresponding to 07/05/2021G). The following table includes the members of Nomination and Remuneration Committee:

Table (5-14): Members of Nomination and Remuneration Committee

#	Name	Position	Status
1.	Hassan Abdullah D. Al-Somali	Head of Nomination and Remuneration Committee	Independent/Non-executive
2.	Hamad Mohammed Mubarak Al-Huthaili	Member of Nomination and Remuneration Committee	Non-independent/Non-executive
3.	Ibrahim Salem Muhammad Al-Rowais	Member of Nomination and Remuneration Committee	Independent/Non-executive

Source: The Company

b) Responsibilities of Nomination and Remuneration Committee

The duties and responsibilities of Audit Committee include:

1) Preparing a clear policy for the remunerations of the Directors and its committees and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards linked to performance, and disclosing and ensuring the implementation of such policy.
2) Clarifying the relation between the paid remunerations and the adopted remuneration policy, and highlighting any material deviation from that policy.
3) Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
4) Providing recommendations to the Board in respect of the remunerations of the Directors, the Board committees' members, and Senior Executives, in accordance with the approved policy.
5) Suggesting clear policies and standards for membership of the Board and the Executive Management.
6) Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies, and standards, taking into account that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
7) Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
8) Determining the amount of time that the Director shall allocate to the activities of the Board.
9) Annually reviewing the skills and expertise required of the Directors and the Executive Management.
10) Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.
11) Annually ensure the independence of Independent Directors and the absence of any conflicts of interest if a Director also acts as a member of the Board of Directors of another company.
12) Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
13) Setting procedures to be followed if the position of a Director or a Senior Executive becomes vacant.
14) Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.

c) Summary Biographies of Nomination and Remuneration Committee's Members

The following is a summary biography of Nomination and Remuneration Committee's members:

Table (5-15): Summary Biography of Hassan Abdullah D. Al-Somali

Name	Hassan Abdullah D. Al-Somali
Position	Member of Nomination and Remuneration Committee
Biography	See Section 5-3-7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company

Table (5-16): Summary Biography of Hamad Mohammed Mubarak Al-Huthaili

Name	Hamad Mohammed Mubarak Al-Huthaili
Position	Member of Nomination and Remuneration Committee
Biography	See Section 5-3-7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company

Table (5-17): Summary Biography of Ibrahim Salem Muhammad Al-Rowais

Name	Ibrahim Salem Muhammad Al-Rowais
Position	Member of Nomination and Remuneration Committee
Biography	See Section 5-3-7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company

5-5 Executive Management

The Company's Executive Management consists of a team that has the necessary experience and skills for managing the Company. The CEO is responsible for conducting the day-to-day operations of the Company as per the directions and policies of the Board, in order to ensure that the Company's objectives set by the Board are fulfilled.

5-5-1 Executive Management Departments

a) Financial Department

The duties and responsibilities of the Financial Department shall include:

1) Developing the Department's action plans and providing information and proposals to identify the Department's objectives in accordance with the Company's strategy.
2) Contributing to the development of the Department's financial strategic and operational plan in accordance with the Company's strategy and plans.
3) Leading and achieving the Company's financial strategy, objectives, and KPIs by carrying out financial management responsibilities.
4) Periodically reporting on the Department's functioning and work outputs and sharing them with the relevant departments.
5) Applying the rules, procedures, regulations, and financial systems approved in the Company.
6) Entering into contracts with financial institutions and determining the amount of the facilities required to operate the Company's business.
7) Preparing the financial statements of the warehouse and pharmacies, and developing the final consolidated accounts of the Company as a whole.
8) Ensuring optimal use of the Company's budget and accurately reporting on the status of disbursement and budget challenges.
9) Introducing operational initiatives that contribute to maintaining the Company's resources and properties and reducing financial and operational risks.
10) Managing budget-planning activities and coordinating with all departments to consolidate budget plans into one master budget plan.
11) Overseeing the development of financial reports, and preparing the statement of profit and loss and balance sheet on an annual basis.
12) Controlling and comparing the Department's expenses with the actual budget, identifying overruns and risks, and reporting to the same the Management.
13) Managing and monitoring all accounting activities including general ledger accounts, accounts payable, accounts receivable, payroll, fixed assets, and cash settlements against general ledger accounts and end of closing period.
14) Creating and maintaining accurate financial statements and reports in line with approved accounting principles.
15) Overseeing all payment activities of suppliers and ensuring that all payments are approved.
16) Setting up and updating a system to monitor financial performance and using the information derived from KPIs.
17) Examining the books and systems of accounts for efficiency, effectiveness, and compliance.
18) Applying the rules, procedures, regulations, and financial systems approved in the Company.

19) Reviewing and expressing an opinion on the business plans of the warehouse and pharmacies in light of the master business plan, revenues and collections at the Company level.

20) Preparing estimated budgets and income statements for the various activities of the Company.

21) Reviewing contracts with customers and suppliers and ensuring they fit the Company's business system.

22) Preparing and implementing the documentary cycle of financial affairs.

23) Upgrading the computerized accounting system in line with the upgrade of the Company's accounts.

24) Fully supervising and controlling movement of cash, banks, receipts and payments for the Company and its branches, and ensuring the integrity of procedures.

25) Accounting entry, guidance, and computerization for all financial transactions.

26) Following up on the financial performance of pharmacies and marketing activities, preparing effectiveness indicators and presenting them to the Management.

27) Verifying the proper and flexible application of financial procedures and controls to ensure effective functioning on the one hand and protection of funds and property on the other hand.

b) Strategy and Organizational Performance Department

The duties and responsibilities of the Strategy and Organizational Performance Department shall include:

1) Developing plans and strategies to realize the Company's long-term strategic objectives.

2) Assessing organizational performance, setting achievable targets, and implementing processes that improve organizational effectiveness and build a sustainable competitive advantage.

3) Working with the Business Development Department to assess market trends and competitors, identify threats and opportunities, and present results, expectations, and recommended actions.

4) Collecting information, such as competitor performance, operational performance, innovations, markets, etc., from various internal and external sources in order to develop strategic options, and using this information as input for review of the strategy approved by the Senior Management.

5) Managing and developing business and operation KPI infrastructure in order to facilitate analysis and report performance against plans and budgets, as well as strategic objectives.

6) Aligning the Department's objectives, operations, and resource allocation with the organizational strategy.

7) Developing the Company's plans and budgets by playing a leadership role in all the Company's planning and analysis activities.

8) Identifying, revising and translating key strategic priorities into quantitative and actionable plans.

c) Legal Department

The duties and responsibilities of the Legal Department shall include:

1) Developing the Company's legal work strategies, as required by the latest laws and regulations.

2) Preparing the policies and procedures of the Department and related departments.

3) Activating the remote litigation system.

4) Digitization.

5) Managing contracts of all kinds.

6) Providing legal advice of all kinds.

7) Creating a regular and legal professional work environment.

8) Designing and preparing plans and programs related to legal work to help achieve their main objectives.

9) Managing and following up on various cases and lawsuits at the various levels of litigation in line with best legal practices.

10) Disseminating legal awareness among all the different departments of the Company.

11) Enabling all departments to exercise their functions in accordance with the relevant laws and regulations.

12) Improving skills and capabilities of the Legal Department staff for professional functioning.

13) Striking a balance between rights and obligations to create an ideal work environment for all.

14) Preparing and drafting the Company's administrative decisions.

15) Engaging in the work of specific or sub-committees, whose resolutions for formation are issued by the Company's Management.

16) Contributing to preparing draft regulations and instructions of the Company.

17) Managing, creating, and protecting the Company's trademarks.

18) Managing and establishing new companies and branches inside and outside the Kingdom and any other economic entities that are directly or indirectly related to the Company.

19) Representing the Company before courts, judicial authorities, and related bodies inside and outside the Kingdom.

20) Settling and resolving existing disputes between the Company and its employees or the parties it deals with.

21) Examining, reviewing, and providing the legal opinion on all legal matters received by the Department from the various departments of the Company.

22) Providing the proper legal adaptation of all facts and matters referred to the Legal Department and taking legal measures to maintain the Company's property and assets.

23) Preparing and drafting all contracts in a professionally legal manner to achieve their objectives.

24) Carrying out management audit to identify and address shortcomings and imbalances, if any, and setting policies and procedures to reduce them, which positively affects the Company's administrative decision-making.

25) Conducting administrative investigations with employees.

26) Preparing legal studies of the relevant laws and regulations and the relationship with the area of work.

27) Managing law firms contracting with the Company, if any.

28) Engaging with the Management when taking various decisions, drafting these decisions and ensuring that they are compliant with the various laws and regulations.

29) Representing the Company with all government and judicial authorities.

d) Human Resources and Administration Department

The duties and responsibilities of the Human Resources and Administration Department shall include:

1) Developing the organizational structure.

2) Preparing the job structure.

3) Developing and improving competencies.

4) Developing job descriptions.

5) Planning the workforce.

6) Developing the recruitment strategy.

7) Developing policies and procedures.

8) Activating the remote work system.

9) Digitization.

10) Updating benefits and compensations.

11) Developing competencies

12) Recruiting and retaining employees.
13) Staff service.
14) Government services.
15) Healthcare.
16) Social insurance.
17) Salaries and wages.
18) Training and development.
19) Performance management.
20) Archiving.
21) Managing employees' contracts.
22) Managing expatriates' affairs (expatriates' contracts).
23) Internal communication.
24) Administrative communications.

e) Marketing Department

The duties and responsibilities of the Marketing Department shall include:

1) Working on all marketing campaigns of the Company and its pharmacies.
2) Fully achieving the role and duties of the Company in terms of social responsibility and, in particular, the health aspect.
3) Working on all aspects of digital marketing and promoting digital assets of social networking pages and the like.
4) Communicating marketing messages to customers in a creative and advanced way to ensure that the desired objectives are realized.
5) Working on various partnerships with the key bodies and companies in the Kingdom in order to achieve the Company's objectives, whether strategic or financial.
6) Developing employees and work environment through the internal communication department.
7) Supporting the sales team, whether in procurement or distribution.
8) Supporting the Training Department with product training files.
9) Effectively managing team meetings.
10) Effectively displaying and marketing products on the Company's Online Store.
11) Maintaining good relationships with customers.
12) Adapting to changes and finding effective solutions.
13) Inhibiting creativity and contributing to a creative atmosphere to promote the Company's products.
14) Identifying and developing strategies that achieve the Company's strategic objectives.
15) Building brand awareness for pharmacies and the Company as a whole.
16) Generating revenues through all the Marketing Department activities that aim to expand the customer base and find opportunities that will increase the Company's revenues.
17) Building a close relationship with the public by raising awareness about the Company and its products.
18) Understanding the needs of customers either in relation to products or the Company.
19) Monitoring competitors, coming up with new ideas, identifying supply and sales outlets, and developing strategies to attract and retain customers.

20) Outlining the plan of expansion and openings in various areas of the Company's business.
21) Bringing in new customers and creating new opportunities for the Company and new spaces for competition.
22) Identifying product-marketing strategies in line with the Company's strategic objectives.
23) Analyzing different markets and finding growth opportunities.
24) Limiting competing products and increasing the market share of the Company's products.
25) Designing the product policy that the Company will offer in the light of the needs and desires of customers.
26) Managing key product variables through the marketing mix, which includes product, pricing, promotion, and distribution.

f) Operations Department

The duties and responsibilities of the Operations Department shall include:

1) Adjusting service and inventory levels.
2) Selling and providing services to external customers.
3) Improving warehouse service.
4) Codifying storage and operation expenses.
5) Developing optimal distribution methods for warehouses and services.
6) Implementing the instructions of government bodies and their future projects in coordination with the Company's relevant department.
7) Providing operation and asset replacement and expansion plans.
8) Providing and adjusting forecasts and budgets related to the Department.
9) Upgrading inventory handling, control and adjustment methods.
10) Harnessing technology to develop the services provided in coordination with the relevant departments.
11) Supporting the Company's efforts to achieve its transformational and operational objectives through long- and short-term operational plans.
12) Managing inventory through inventory planning and control by identifying the required quantity and the appropriate time to order.
13) Planning and managing supply and demand.
14) Receiving, storing and exchanging goods.
15) Preparing procurement plans and coordinating them with procurements.
16) Participating in performance follow-up meetings of related departments.
17) Monitoring and controlling employees' performance.
18) Following up on and adjusting expenses with the relevant departments.
19) Requesting to identify and develop the appropriate competencies for the Department.
20) Managing warehouses.
21) Scheduling, moving, tracking and operating vehicles.
22) Shipping and clearing goods as per the contracts concluded.
23) Distributing resources and expenses, as needed.
24) Providing stored items to customers in the required quantities, at the required time, and in places where these items are needed.
25) Applying the operating conditions of government authorities, as received from the relevant internal departments.

26) Managing reverse logistics.

27) Managing waste disposal through scrapping.

28) Developing supply plans in proportion to the level of service required for customers.

29) Monitoring and following up on supply and demand KPIs, as well as the level of service provided to customers.

g) Business Development Department

The duties and responsibilities of the Marketing Department shall include:

1) Developing business plans.

2) Developing the Company's future development strategy.

3) Offering investment opportunities for acquisition.

4) Linking with government entities specialized in technology.

5) Attracting the best business development solutions to raise the efficiency of any department of the Company.

6) Establishing a department in charge of any development programs serving all departments of the Company.

7) Enhancing and reporting on the departments' operating competencies.

8) Engaging a third party to report on sales through the data analysis team.

9) Establishing a department specialized in development and scientific research to serve all departments of the Company.

10) Following up on the projects of the internal departments by setting up a clear follow-up mechanism for the development projects.

11) Developing programs to link and facilitate engagement with success partners.

12) Reporting on the Company's investment opportunities.

5-5-2 Members of Executive Management

The following table sets out the details of the members of the Company's Executive Management:

Table (5-18): Executive Management of the Company

#	Name	Position	Nationality	Age	Date of Appointment	Share Ownership Pre-Offering	Share Ownership Post-Offering
1.	Waleed Moham-mad Abdullah Al-Jaafari	Managing Director	Saudi	61 years	11/21/1442H (corresponding to 07/01/2021)	2.5%	1.25%
2.	Mohammed Saad Butti Al-Farraj Al-Subaie	CEO	Saudi	51 years	11/21/1442H (corresponding to 07/01/2021G)	9.2495%	8%
3.	Sherif Ahmed Al-Aqbawi	CFO	Egyptian	64 years	12/06/1421H (corresponding to 03/01/2001G)	N/A	N/A
4.	Fahad Abdullah Saad Al-Faraj	Head of Strategy and Organizational Performance Department	Saudi	32 years	12/26/1442H (corresponding to 08/05/2021G)	N/A	N/A
5.	Muhammad Fathi El-Sherbiny Ali	Head of Legal Department	Egyptian	50 years	07/03/1437H (corresponding to 04/10/2016G)	N/A	N/A

#	Name	Position	Nationality	Age	Date of Appointment	Share Ownership Pre-Offering	Share Ownership Post-Offering
6.	Saud Zaid Faleh Al-Arini	Head of Human Resources & Administration Department	Saudi	45 years	07/08/1439H (corresponding to 03/25/2018G)	N/A	N/A
7.	Turki Abdullah Saad Al-Farraj	Head of Marketing Department	Saudi	32 years	07/27/1442H (corresponding to 11/03/2021)	N/A	N/A
8.	Ahmed Ali Abd Al-Mowafi	Head of Operation Department	Egyptian	46 years	03/26/1443H. (corresponding to 01/11/2021G)	N/A	N/A
9.	Vigay Sigar	Head of Business Development Department	Indian	40 years	05/28/1443H. (corresponding to 01/01/2021G)	N/A	N/A

Source: The Company

5-5-3 Employment Contracts with the CEO, CFO and Managing Director

The Company has entered into management contracts with each of the Managing Director, Waleed Mohammad Abdullah Al-Jaafari, and the CEO, Mohammed Saad Butti Al-Farraj Al-Subaie for a period of five (5) years, in furtherance of their executive functions. The following table sets out a summary of the employment and service contracts between the Company and the Managing Director and the CEO:

Table (5-19): Employment and Service Contracts with Managing Director and the CEO

Name	Position	Contract Commencement Date	Term of Contract	Incentives
Waleed Mohammad Abdullah Al-Jaafari	Managing Director	11/21/1442H (corresponding to 07/01/2021G)	Five (5) years	1.38% of the Company's operating net profit annually, up to a profit ceiling of SAR 250,000,000
Mohammed Saad Butti Al-Farraj Al-Subaie	CEO	11/21/1442H (corresponding to 07/01/2021G)	Five (5) years	4.38% of the Company's operating net profit annually, up to a profit ceiling of SAR 250,000,000

Source: The Company

The following table sets out a summary of the employment contract entered into between the Company and the CFO:

Table (5-20): Employment and Service Contracts with the CFO

Name	Position	Contract Commencement Date	Term of Contract
Sherif Ahmed Al-Aqbawi	CFO	07/12/1442H (corresponding to 03/01/2021G)	Two (2) years

5-5-4 Summary Biographies of Executive Management's Members

The following is a summary biography of Executive Management's Members

Table (5-21): Summary Biography of Waleed Mohammad Abdullah Al-Jaafari

Name	Waleed Mohammad Abdullah Al-Jaafari
Position	Managing Director
Biography	See Section 5-3-7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company

Table (5-22): Summary Biography of Mohammed Saad Butti Al-Farraj Al-Subaie

Name	Mohammed Saad Butti Al-Farraj Al-Subaie
Position	CEO
Biography	See Section 5-3-7 "**Summary Biographies of the Directors and the Secretary**" of this Prospectus.

Source: The Company

Table (5-23): Summary biography of Sherif Ahmed Al-Aqbawi

Name	Sherif Ahmed Al-Aqbawi
Age	64 years
Nationality	Egyptian
Position	CFO
Academic Qualifications	• Bachelor's degree in Accounting, Tanta University, Arab Republic of Egypt, 1979G.
Current Positions	• Supervisor and financial controller, Digital Business Systems Co. - Egypt, an Egyptian limited liability company operating in technology and security solutions, from 2019G to date. • Member of the audit committee, Gulf Real Estate, a Saudi closed joint stock company operating in real estate development, from 2018G to date. • Supervisor and financial controller, Digital Business Systems Co. - Saudi Arabia, an Egyptian limited liability company operating in technology and security solutions, from 2017G to date. • Supervisor and financial controller, Mushrif Co., a Saudi limited liability company operating in contracting and real estate development, from 2010G to date. • Supervisor and financial controller, Specialized Technologies for Industrial Supplies Co Ltd, a Saudi limited liability company operating in energy, security and safety services, and manufacture of equipment, supplies and spare parts, from 2003G to date. • CFO of the Company, from 2001G to date. • Supervisor and financial controller, Classic Tours & Travels, a Saudi sole proprietorship, operating in tourism, from 2001G to date.
Most Prominent Past Professional Experience	• Chief audit executive, Dr. Mohammad A. Al Shabani Chartered Accountants Office - Saudi Arabia, a Saudi sole proprietorship operating in public accountancy and financial consultancy, from 1989G to 2001G. • Chief audit executive, Dr. Mohammad A. Al Shabani Chartered Accountants Office - UAE, a UAE firm operating in public accountancy and financial consultancy, from 1987G to 1989G. • Chief audit executive, Saudi Consolidated Electricity Company (merged with a group of companies in the name of Saudi Electricity Company [SEC]), a Saudi joint stock company operating in electricity, from 1984G to 1987G. • Financial analyst, Ministry of Commerce, a Saudi government authority issuing and monitoring compliance with commercial laws and regulations, supervising internal markets and regulating corporate affairs, from 1983G to 1984G. • Chief accountant, Emad Adly Ayoub for General Contracting, an Egyptian sole proprietorship operating in general contracting, from 1981G to 1983G. • Financial auditor, Magdy Saleh's Office, an Egyptian office operating in accounting and auditing, from 1980G to 1981G. • Accountant, Cairo Cotton Company, an Egyptian joint stock company operating in collection and export of cotton, from 1979G to 1980G.

Source: The Company

Table (5-24): Summary Biography of Fahad Abdullah Saad Al-Farraj

Name	Fahad Abdullah Saad Al-Farraj
Age	32 years
Nationality	Saudi
Position	Head of Strategy and Organizational Performance Department

Academic Qualifications	• Diploma in Fixed Assets Investment Management, New York Institute of Finance, USA, 2012G. • Bachelor's degree in Financial Management and Accounting, University of Kent, UK, 2012G. • Diploma in Asset Derivatives Investment Management, London School of Economics, UK, 2010G.
Current Positions	• Head of the Company's Strategy and Organizational Performance Department, from 2020G to date. • Chairman of executive council of Eastern Province Youth Council, a Saudi council operating in youth business development in the Eastern Province, from 2020G to date. • Director, DAEM, a Saudi limited liability company operating in digital marketing, from 2015G to date. • Director, Ethar Society, a Saudi charitable society operating in activation of organ donation, from 2021G to date.
Most Prominent Past Professional Experience	• Head of the Company's Business Development Department, from 2018G to 2020G. • Vice chairman of executive council of Eastern Province Youth Council, a Saudi council operating in youth business development in the Eastern Province, from 2018G to 2020G. • Company's Procurement and Categories Specialist, from 2016G to 2018G. • Member, National Youth Business Committee, a Saudi committee operating in youth business development, from 2014G to 2017G. • Member of opportunities committee, OQAL, a Saudi endowment institution operating in formation of economically feasible partnerships, from 2014G to 2017G. • Member of executive council of Eastern Province Youth Council, a Saudi council operating in youth business development in the Eastern Province, from 2014G to 2017G. • Senior Accountant of the Company, from 2014G to 2016G. • Investment portfolio aanager, The Family Office, a Bahraini investment company operating in wealth and investment management, from 2012G to 2014G.

Source: The Company

Table (5-25): Summary Biography of Muhammad Fathi El-Sherbiny Ali

Name	Muhammad Fathi El-Sherbiny Ali
Age	50 years
Nationality	Egyptian
Position	Head of Legal Department
Academic Qualifications	• Bachelor's degree in Law, Mansoura University, Arab Republic of Egypt, 1994G.
Current Positions	• Head of the Company's Legal Department, from 2018G to date.
Most Prominent Past Professional Experience	• Head of the Company's Administration and Legal Department, from 2016G until the date of 2018G. • Company's Legal Advisor and Head of Legal Department, from 2014G to 2016G. • Company's HR Advisor, from 2013G to 2014G. • Company's Director of Payroll and Administrative Services, from 2012G to 2013G. • Company's Administrative Advisor, from 2011G to 2012G. • Company's Director of Personnel Affairs, from 2008G to 2011G. • Company's Senior Administrative Affairs Specialist, from 2005G until 2007G. • Head of the Company's Maintenance, Establishment and Sites Department, from 2003G to 2005G. • Company's Personnel Affairs Specialist, from 1999G to 2002G. • Company's Executive Secretary, from 1997G to 1998G. • Procurement and contracts officer, Salem Al Yahyai Contracting Co., a Saudi limited liability company operating in contracting, from 1996G to 1997G. • Lawyer, Sheikh Abdulaziz Al Qarawi Office, a Saudi law firm operating in law and legal advice, in 1995G. • Contracts and tendering specialist, SITE, an Egyptian company operating in computers, in 1994G. • Trainee lawyer, Fouad Abdel Basset Office, an Egyptian law firm operating in law and legal advice, in 1994G.

Source: The Company

Table (5-26): Summary Biography of Saud Zaid Faleh Al-Arini

Name	Saud Zaid Faleh Al-Arini
Age	45 years
Nationality	Saudi
Position	Head of Human Resources & Administration Department
Academic Qualifications	• Bachelor's degree in HR Management, King Abdulaziz University, Saudi Arabia, 2018G.
Current Positions	• Head of the Company's Human Resources & Administration Department, from 2017G to date. • Member of National Health Committee of the Chamber of Commerce, from 2020G to date.
Most Prominent Past Professional Experience	• Member of Health Committee of the Chamber of Commerce, from 2018G to 2021G. • Company's Director of E-services, from 2013G to 2017G. • Company's Sites Officer, from 2010G to 2013G.

Source: The Company

Table (5-27): Summary Biography of Turki Abdullah Saad Al-Farraj

Name	Turki Abdullah Saad Al-Farraj
Age	32 years
Nationality	Saudi
Position	Head of Marketing Department
Academic Qualifications	• Bachelor's degree in Accountancy, Imam Abdulrahman Bin Faisal University, Saudi Arabia, 2014G.
Current Positions	• Head of the Company's Marketing Department, from 2020G to date.
Most Prominent Past Professional Experience	• Company's Logistics services Specialist, from 2016G to 2017G. • Company's Marketing Specialist, from 2017G to 2018G. • Company's Director of Strategic Partnerships, from 2018G to 2020G.

Source: The Company

Table (5-28): Summary Biography of Ahmed Ali Abdulmwafi

Name	Ahmed Ali Abdulmwafi
Age	45 years
Nationality	Egyptian
Position	Head of the Operation Department
Academic Qualifications	• Bachelor's in Pharmacy, Mansoura University, Arab Republic of Egypt, 1999. • Master of Business Administration, American University in London, United Kingdom, 2013.
Current Positions	• Head of the Operation Department of the Company, from 2021G to date.
Most Prominent Past Professional Experience	• Director of the Company's Procurement in 2021G. • Head of the Company's Procurement from 2010G until 2021G. • Head of the Company's Medical Department in the company from 2008G to 2010G. • Senior Specialist in the Company's Purchasing Department from 2006G to 2008G. • Specialist in the Company's Purchasing Department from 2002G until 2006G.

Source: The Company

Table (5-29): Summary Biography of Vigay Sigar*

Name	Vigay Sigar
Age	40 years
Nationality	Indian
Position	Head of Business Development Department
Academic Qualifications	• Higher Certificate and Diploma in Business Administration, West College Scotland (James Watt), United Kingdom, in 2001G. • Bachelor's degree in Business Administration and Marketing, University of West Scotland, United Kingdom, 2003G.
Current Positions	• Head of Business Development Department of the Company, from 2022G to date. • Sales Manager (Saudi Arabia) Coty Middle East Company, an Emirati free zone company, working in the field of cosmetics, from 2016G to date.
Most Prominent Past Professional Experience	• Director of strategy and planning (Middle East) Procter & Gamble, an Emirati free zone institution, from 2021G until 2016G. • Account manager, Modern Pharmacy Company, an Emirati limited liability company, from 2010G to 2012G. • Accounts specialist and director of the department of Transmed Overseas Company, an Emirati limited liability company, from 2005G to 2010G. • Supervisor of customer service support department at Iceland Frozen Foods, a British public limited liability company, from 2000G to 2003G.

* Vigay Sigar will commnce his work as Director of Business Development Department in the Company starting from 05/28/1443H (corresponding to 01/01/2022G).

Source: The Company

5-6 Cases of Bankruptcy and Insolvency Involving the Directors and Executive Management

As of the date of this Prospectus, there are no bankruptcy cases involving the Directors, Executive Management, or the Secretary. There has been no declaration of any insolvency within the last five years in any company in which any of the Directors, Executive Management, or the Secretary was hired in an administrative or supervisory position.

5-7 Direct and Indirect Interests of the Board of Directors and Executive Management

Except for what is disclosed in Section 5-3 "**Board of Directors,**" Section "**Members of Executive Management**", and Section 12-6"**Agreements and Transactions with Related Parties**" of this Prospectus, none of the Directors, Executive Management, or the Secretary, or any of their relatives has a direct or indirect interest in the shares and debt instruments of the Company and the Subsidiaries (if any) or any interest in any other matter that would impair the business of the Company.Except as disclosed in Section 12-6 "**Agreements and Transactions with Related Parties**" of this Prospectus, none of the Directors, Executive Management, or the Secretary has any interest in any applicable contract or arrangement in effect or to be concluded as of the date of this Prospectus in relation to the business of the Company and the Subsidiaries.

The following table sets the percentage of direct and indirect ownership of the members of the Board of Directors and members of the Executive Management in the Company Pre and Post-Offering. Except as mentioned below, none of the members of the Board of Directors or members of the Executive Management own any shares in the company, directly or indirectly, as of the date of this prospectus.

Table (5-30): Direct and Indirect Interests of the Members of the Board of Directors and Executive Management Pre and Post IPO

#	Name	Position	Percentage of Direcrt Ownership		Percentage of In-Direcrt Ownership	
			Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1.	Waleed Mohammad Abdullah Al-Jaafari	Managing Director	2.5%	1.25%	N/A	N/A
2.	Mohammed Saad Butti Al-Farraj Al-Subaie	CEO	9.2495%	8%	N/A	N/A

Source: The Company

In addition, none of the members of the Board of Directors, the Executive Management, the Secretary of the Board of Directors or any of their relatives have an interest in any contract or arrangement valid or intended to be concluded as of the date of this Prospectus in the business of the Company and its Subsidiaries, except for what was disclosed in Section 12-6 "**Agreements and Transactions with Related Parties**" of this Prospectus.

The following table shows the details of the agreements and dealings with Related Parties in which the members of the Board of Directors and the Executive Management of the Company have an interest (for more information about these agreements, please see section 12-6 "**Agreements and Transactions with Related Parties**" of this Prospectus).

Table (5-31): Details of Agreements and Transactions with Related Parties in which the Members of the Board of Directors and Executive Management have an Interest

#	Agreement/Transaction	Value of the Transaction as of June 30,2021G (SAR)	Members of the Board of Directors and the Executive Management who Hold an Intrest	Type of Intest	Reason of Intrest
1.	Service and support agreement with Digital Business IT Systems Co.	34,559,227	Waleed Muhammad Abdullah Al-Jaafari	Indirect	Board members Waleed Mohammed Abdullah Al-Jaafari (Managing Director) and Mohammed Saad Butti Al-Farraj Al-Subaie (CEO) are directors and partners of Digital Business IT Systems Co.
			Mohammed Saad Butti Al-Farraj Al-Subaie		
2.	General contracting agreements with Meshraf	70,050,184	Waleed Muhammad Abdullah Al-Jaafari	Indirect	The members of the Board of Directors, Waleed Muhammad Abdullah Al-Jaafari (Managing Director) and Muhammad Saad Butti Al-Farraj Al-Subaie (CEO) are directors and partners in Meshraf.
			Mohammed Saad Butti Al-Farraj Al-Subaie		
3.	Agreement to Develop Commercial and Marketing Work with Zahwa Trading Services Company	3,000,122	Mohammed Saad Butti Al-Farraj Al-Subaie	Indirect	Zahwa Trading Services Company is owned by the relatives of Board Member and CEO Mohamed Saad Butti Al-Faraj Al-Subaie.
			Turki Abdullah Saad Al-Farraj	Direct	Marketing Director Turki Abdullah Saad Al-Farraj owns a stake in Zahwa Trading Services Company.
			Fahad Abdullah Saad Al-Farraj		The Director of Strategy and Organizational Performance, Fahad Abdullah Saad Al-Farraj, owns a stake in Zahwa Trading Services Company.
4.	Insurance policies with Walaa Insurance Company	4,540,833	Waleed Muhammad Abdullah Al-Jaafari	Indirect	Member of the Board of Directors and Managing Director, Waleed Muhammad Abdullah Al-Jaafari, is a member of the Board of Directors of Walaa Insurance Company.

#	Agreement/Transaction	Value of the Transaction as of June 30,2021G (SAR)	Members of the Board of Directors and the Executive Management who Hold an Intrest	Type of Intest	Reason of Intrest
5.	Lease contract with Nouf Saad Butti Al-Faraj Al-Subaie	200,000	Mohammed Saad Butti Al-Farraj Al-Subaie	Indirect	The lessor is Nouf Saad Butti Al-Faraj Al-Subaie. She is the sister of Board Member Muhammad Saad Butti Al-Faraj Al-Subaie
6.	Lease contract with Eastern Province Cement Company	1,649,830	Waleed Muhammad Abdullah Al-Jaafari	Indirect	Member of the Board of Directors and Managing Director Waleed Muhammad Abdullah Al-Jaafari is a member of the Board of Directors of the Eastern Province Cement Company.
			Mohamed Saad Butti Al-Farraj Al-Subaie		Board Member and CEO, Mohamed Saad Butti Al-Farraj Al-Subaie, is the Chairman of the Board of Directors of the Eastern Province Cement Company.
			Ibrahim Salem Muhammad Al-Rowais		Member of the Board of Directors Ibrahim Salem Muhammad Al-Rowais is a member of the Board of Directors of the Eastern Province Cement Company.
7.	Number of Transactions with Classic Travel and Tourism Agency	13,287,673	Waleed Mohammed Abdullah Al Jaafari	Indirect	Board Member and Managing Director Waleed Mohammed Abdullah Al Jaafari is the Director of Classic Travel and Tourism.
8.	Number of Transactions with Corporation (966)	1,968,581	Muhammad Saad Butti Al-Faraj Al-Subaie	Indirect	Foundation Nine Hundred Sixty Six (966) owned by Board Member Muhammad Saad Butti Al-Faraj Al-Subaie.
9.	Number of Transactions with Najm Suhail	1,408,223	Muhammad Saad Butti Al-Faraj Al-Subaie	Direct	Najm Suhail is owned by the brother of Board Member Muhammad Saad Butti Al-Faraj Al-Subaie.
10.	Agreement with Mawarid Trading Co.	1,549,099	Samir Mahmood Fayyad Abdulhadi	Indirect	Member of the Board of Directors, Samir Mahmood Fayyad Abdulhadi, holds the position of Director at Al-Mawarid Trading Company.
11.	The Charitable Services Agreement concluded with the Kanaf Charitable Association	188,743	Muhammad Saad Butti Al-Faraj Al-Subaie	Indirect	Member of the Board of Directors and CEO, Mohamed Saad Butti Al-Faraj Al-Subaie, is the Chairman of the Board of Directors of the Kanaf Charitable Association.

Source: The Company

5-8 Remuneration of Directors and Executive Management

The following table details the remuneration and in-kind benefits granted by the Company and the Subsidiaries over the last three (3) financial years to the Directors and five (5) Executive Management members who have received the highest remunerations and compensations from the Company and the Subsidiaries, including the CEO and the CFO.

Table (5-32): Remuneration of Directors and Executive Management During the Financial Years Ended 2018G, 2019G and 2020G and the six months period ending June 30, 2021G

SAR	FY 2018G	FY 2019G	FY 2020G	H1 2021G
Directors	N/A	N/A	N/A	N/A
Members of Executive Management, including the CEO and CFO	1,690,000	3,122,487	3,137,487	1,576,000

Source: The Company

5-9 Corporate Governance

The Company adopted its internal governance manual by virtue of the Board Resolution dated 11/24/1442H (corresponding to 07/04/2021G) in accordance with Article 94 of the Corporate Governance Regulations. The Company also adopted the Charter of the Audit Committee pursuant to the Ordinary General Assembly resolution dated 11/25/1442H (corresponding to 07/05/2021G) on the proposal of the Board dated 11/24/1442H (corresponding to 07/04/2021G) in accordance with Article 54 of the Corporate Governance Regulations, as well as the Charter of Nomination and Remuneration Committee pursuant to the Ordinary General Assembly Resolution dated 11/25/1442H (corresponding to 07/05/2021G) on the proposal of the Board dated 11/24/1442H (corresponding to 07/04/2021G) in accordance with Article 60 and 64 of the Corporate Governance Regulations.

The Company shall comply with mandatory governance requirements applicable to joint stock public companies listed on the Exchange, except for certain provisions that are only applicable to listed companies, given that the Company's shares have not been listed yet on the Exchange, as follows:

- Paragraph a of Article 8 providing that, upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board.
- Paragraph c of Article 8 related to voting in the General Assembly, which shall be confined to the Board nominees whose information has been announced as per Paragraph a of Article 8.
- Paragraph d of Article 13 related to the publication of the invitation to the General Assembly on the websites of the Exchange and the Company.
- Paragraph c of Article 14 related to the availability of information on the items of the General Assembly through the websites of the Exchange and the Company.
- Paragraph e of Article 15 related to disclosing the results of the General Assembly meeting to the public, the CMA, and the Exchange through the websites of the Exchange and the Company.
- Paragraph d of Article 17 providing that the Company shall notify CMA of names of Directors, description of their memberships and any changes that may affect their membership.
- Paragraph b of Article 19 providing that, upon the termination of the membership of a Director, the Company shall promptly notify CMA and the Exchange and shall specify the reasons for such termination.
- Article 68 providing that the Company shall publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated to the membership of the Board.
- Article 89, Article 90, Paragraph B of Article 91, Article 92 and Article 93, related to disclosure policies and procedures.

5-10 Conflict of Interests

Neither the Company's Bylaws nor any of the internal regulations and policies grants any powers enabling a Director to vote on a contract or offer in which he has a vital direct or indirect interest pursuant to Article 71 of the Companies Law, which stipulated that a Director may not have any direct or indirect interest in the transactions and contracts of the Company except with the permission of the General Assembly.

Under said Article, a Director shall inform the Board of whatever personal interests he has in the transactions and contracts which are made for the Company's account. The Chairman shall disclose to the General Assembly, when it is convened, transactions and contracts in which any of the Directors has a personal interest, provided that such disclosure is supported with a special report from the Auditor. Said disclosure shall be recorded in the Board's minutes of meeting. The interested Director may not participate in voting on the resolution to be adopted in this respect. Based on the above, the Directors declare the following:

- They will comply with Articles 71 and 72 of the Companies Laws and Articles 44 and 46 of the Corporate Governance Regulations.
- They will not vote at General Assembly meetings that relate to any Related Party contracts in which the Directors have an indirect interest.
- They will not compete with the Company's business, and all Related Parties transactions in the future will be conducted on an arm's length basis in accordance with Article 72 of the Companies Law.

- The Directors declare that the Company's Directors, Senior Executives, or current Shareholders do not have a conflict of interest in relation to contracts or transactions entered into with the Company, and that they have not been engaged in any activities similar to, or competing with, the Company's activities as at the date of this Prospectus.
- As of the date of this Prospectus, there are no transactions in which any of the Company's Directors, Senior Executives, current Shareholders, or any of their relatives have a direct or indirect personal interest that is not disclosed in this Prospectus, and that there are no transactions entered into on a non-arm's length basis (for further details on Related Party transactions, see Section 12-6"**Agreements and Transactions with Related Parties**" of this Prospectus).
- As of the date of this Prospectus, no Director engages, through their membership in boards of directors of other companies, in businesses similar to, or competitive with, the Company's business.

5-11 Employee Shares

The Company does not have any employee stock ownership plans in place prior to submitting the application for registration and offer of securities subject to this Prospectus. None of the Company's employees holds shares in the Company, and there are no other arrangements that would involve employees in the Company's capital (for further details on the Company's employees and compliance with Saudization requirements, see Section 4-7 "**Employees**" of this Prospectus).

6- Management's Discussion and Analysis of Financial Position and Results of Operations

6-1 Introduction

The following management discussion and analysis section provides an analysis of the operational performance and financial position of Al-Dawaa Medical Services Company (the "**Company**") for the financial years ended 31 December 2018G, 2019G, and 2020G and the six months period ended 30 June 2020G and 30 June 2021G.

The Company's financial statements for the financial years ended 31 December 2018G, 2019G, and 2020G and the six months period ended 30 June 2021G have been prepared in accordance with the IFRS as adopted in the Kingdom of Saudi Arabia and other standards and publications issued by SOCPA.

The Company's financial statements for the financial years ended 31 December 2018G, 2019G, and 2020G and the six months period ended 30 June 2021G have been audited and reviewed by Earnest & Young.

Unless mentioned otherwise herein, all amounts stated in this Section are presented in Saudi Riyals (SAR), and all percentages are rounded to the nearest decimal point. Therefore, a calculation of the percentage increase/decrease based on amounts presented in tables within this section (shown in thousands) may not be exactly equivalent to the corresponding percentages as stated in tables. In addition, for the purposes of the Management's Discussion and Analysis of Financial Position and Results of Operations section, the financial information for the financial year ended 31 December 2018G was derived from the comparative financial information presented in the Company's audited financial statements for the financial year ended 31 December 2019G. The financial information for the financial years ended 31 December 2019G was derived from the financial information presented in the Company's audited financial statements for the financial years ended 31 December 2020G. Earnest & Young nor its subsidiaries, employees (who are part of the team supporting the Company), or any of their relatives own any shares or interest of any kind in the Company that would affect their independence. The Auditor has furnished its written consent to the reference in this Prospectus of its role as the Company's auditor for the financial years ended 31 December 2018G, 2019G and 2020G and the six months period ended 30 June 2021G.

The above-mentioned financial statements form an integral part of this Prospectus, and should be read in conjunction with these statements and their accompanying notes. These financial statements are included in Section 19 (Financial Statements and Auditor's Report) of this Prospectus.

This Section may include data of forward looking nature about the Company's future projections based on Management's plans and current expectations for the Company's growth, results of operations, and financial condition. Therefore, they may entail risks and uncertainties. The Company's actual results could differ materially from those expressed or implied in such forward looking statements due to various factors and future events, including those discussed within this section and elsewhere in the Prospectus, particularly, in Section 2 (Risk Factors).

Directors' Declarations on Financial Statements

The Directors declare that:

- The Directors declare that the financial information contained in this Section has been extracted without material changes and presented in a form consistent with the audited and reviewed financial statements for the financial years ended 31 December 2018G, 2019G and 2020G and the six months period ended 30 June 2021G and their accompanying notes, which were prepared in accordance with the IFRS as adopted in the Kingdom and other standards and publications issued by SOCPA without any material changes thereto.
- There has been no interruption in the Company's business that may influence or have a significant impact on the financial position during the last 12 months following the date of publication of the prospectus.
- The Directors declare that no commissions, discounts, brokerage fees or other non-cash compensations were granted by the Company to any Directors, Senior Executives, persons offering or providing securities, or any other experts during the three financial years immediately preceding the date of the registration and offer of securities and up to the date this Prospectus.
- The Directors declare that there has been no material adverse change in the Company's financial or trading position during the three financial years preceding the date of registration and offer of securities that are subject to this prospectus and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus.

- The Directors declare that the Company does not have any other borrowings or indebtedness, including bank overdrafts, guarantee liabilities (covered or not covered by a personal guarantee or mortgage), liabilities under acceptances, acceptance credits, or hire purchase commitments, except for as disclosed in part Sections 6-9 "**Loans**", 6-16 "**Financing**" and section 12-5-8 "**Financing agreements**" of this Prospectus.
- The Directors declare that the Company does not have any debt instruments issued and outstanding, and authorised or otherwise created but unissued except for as disclosed in part Sections 6-9 "**Loans**", 6-16 "**Financing**" and section 12-5-8 "**Financing agreements**" of this Prospectus.
- The Directors declare that, to the best of their knowledge and belief, there are no mortgages, rights, encumbrances or costs on the properties of the Company and its subsidiaries as of the date of this Prospectus, except for as disclosed in part Sections 6-9 "**Loans**", 6-16 "**Financing**" and section 12-5-8 "**Financing agreements**" of this Prospectus.
- Except as disclosed in Section 5-7 (Direct And Indirect Interests Of Board Members And Executive Management) and Section 5.10 (Conflicts of Interest) of this Prospectus, neither the Directors nor their relatives own any shares or interest of any kind in the Company or its subsidiaries.
- The Directors declare that the Company has sufficient working capital for twelve (12) months following the publication date of this Prospectus.
- The Directors declare that the Company does not have any properties, including contractual securities or other assets, with whose value is subject to fluctuations or is difficult to ascertain such that it significantly affects the assessment of financial position except what was mentioned in section 6-6-13 "**Fair value loss on swap derivatives liabilities**"
- The Board of Directors declares that neither the Company nor its subsidiaries have shares under option.
- The Board of Directors declares that the Company does not intend to make material changes to the Company's activities in the future.
- The Directors declare that all material facts relating to the Company and its financial performance have been disclosed in this Prospectus, and that there exists no other information, documents or facts whose omission would make any statement herein misleading.
- The Directors declare that the Company owns investments in subsidiaries which are Rönzac and Höllinz. The Company owns 100% shares in both companies. However, no consolidated financial statements were prepared since the subsidiaries have not yet commenced operations. Furthermore, the Company considers that the assets and liabilities corresponding to both subsidiaries are not material to the financial statements.
- The Directors declare that there are no high value fixed assets planned to be acquired or leased by the Company or its subsidiaries as at the date of this prospectus and as at 30 June 2021G outside the scope of its core activities.

6-2 Basis of Preparation

6-2-1 Statement of compliance

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

6-2-2 Measurement basis

These financial statements have been prepared on a historical cost basis except for equity instruments designated at FVOCI and swap derivatives designated that have been measured at fair value, using the accrual basis of accounting. For employees' terminal benefits, actuarial present value calculation is used.

6-2-3 Functional and display currency

These financial statements are presented in Saudi Riyals, which is also the Company's functional currency, rounded to the nearest Saudi Riyals (unless otherwise indicated).

6-3 Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

6-3-1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months from the statement of financial position date; or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

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

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

For assets and liabilities that are recognised on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The policies and procedures for both recurring fair value measurement and for non-recurring measurement are evaluated periodically.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

6-3-2 Revenue recognition

Revenue is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer. The Company generates revenue from the following sources:

a) Retail

The Company operates a chain of retail stores (pharmacies and healthcare stores) selling medicines; perfumes, cosmetics and beauty tools and products. Revenue is recognised at the point in time when control of the asset is transferred to the customer (i.e. at the point the customer purchases the goods at the retail outlet). Payment of the transaction price is due immediately at the point in time when control of the asset is transferred to the customer. However, certain sales are through insurance and other companies. A receivable is recognised by the Company upon transfer of control as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. It is the Company's policy to sell its products to its customers with a right of return within 72 hours. However, the management concluded that the expected returns based on pattern of historical returns is deemed immaterial, accordingly the management has not accounted for it.

b) Wholesale

The Company sells medicines and cosmetics to the wholesale market. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised by the Company when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Variable consideration

If the consideration in a contract includes a variable amount, the Company 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. Some contracts for the wholesale provide customers with a right to return the goods within a specified period. The Company also provides retrospective volume rebates to certain customers once the quantity of purchases during a 12 months period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

Rights of return

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

Volume rebates

The Company applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. Volume rebates are offset against amounts receivable from the customers.

Significant financing component

The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Loyalty points programme

The Company operates 'Arbahi' loyalty programme which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can be redeemed for discounts on future purchases. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer or when the points are expired (i.e. 12 months after the initial sale).

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed at the end of each reporting period and any adjustments to the contract liability balance are charged against revenue.

Contract balances

Accounts receivable

Accounts receivable represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e. transfers control of the related goods to the customer).

Assets and liabilities arising from rights of return

Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

c) Cost of sales and operating expenses

Cost of sales includes costs previously included in the measurement of the inventory that has been sold to customers. Selling and distribution expenses are those that specifically relate to salesmen, delivery vehicles, and rental of pharmacies as well as expected credit losses. All other expenses, except for finance costs, are classified as general and administration expenses.

d) Commercial income

The Company has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are received in connection with the purchase of goods for resale from those suppliers. Most of the income received from suppliers relates to adjustments to a core cost price of a product, and as such is considered part of the purchase price for that product. Sometimes receipt of the income is conditional on the Company performing specified actions or satisfying certain performance conditions associated with the purchase of the product. These include achieving agreed purchases or sales volume targets and providing promotional or marketing materials and activities or promotional product positioning. While there is no standard industry definition, these amounts receivable from suppliers in connection with the purchase of goods for resale are generally termed commercial income.

Commercial income is recognised when earned by the Company, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract. The income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Company at period ends, the income is included within the cost of those inventories and recognised in cost of sales upon sale of those inventories. Amounts due relating to commercial income are recognised within trade and other receivables, except in cases where the Company currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognised.

e) Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

f) Zakat and indirect taxes

Zakat

Zakat is provided in accordance with the Regulations of the General Authority of Zakat and Tax in the Kingdom of Saudi Arabia and on accruals basis. The provision is charged to the statement of profit and loss.

Value-added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the 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; and
- When receivables and payables are stated with the amount of value-added tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

g) Cash dividend distribution to equity holders

The Company recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per provisions of Companies' Law, a distribution is authorised when it is approved by the partners. A corresponding amount is recognised directly in statement of changes in equity.

h) Property and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Depreciation is calculated from the date the item of property and equipment are available for its intended use or in respect of self-constructed assets, from the date such assets are ready for the intended use. Land and capital work in progress are not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold improvements	5 years
Motor vehicles and distribution vans	5 years
Furniture and fixtures	5 years
Office equipment	6.67 years
Building	25 years
Tools and air-conditions	6.67 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Leases

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

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property	2-19 years
Land	12.4-16.8 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

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

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the statement of profit or loss.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and interest charges in respect of lease liabilities.

k) Intangible assets

Intangibles acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life 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 considered to modify 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 recognised in the statement of profit in the expense category that is consistent with the function of the intangible assets.

The amortisation period for intangible assets with a finite useful life is as follows:

Software	6.7 years

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

l) Impairment of non-financial assets

The Company 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 Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (pre-zakat/tax) that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual asset are allocated. These budgets and forecast calculations are generally covering a five-year period. For longer years, a long-term growth rate is calculated and applied to project future cash flows after the budgeted period.

Impairment losses of continuing operations, including impairment on working capital, if applicable, are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Irrespective of whether there is any indication of impairment, the Company shall also test intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with respective recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year.

For assets, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

m) Financial instruments – initial recognition, subsequent measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) – not applicable to the Company
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss - not applicable to the Company

Financial assets at amortised cost (debt instruments)

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

The Company's financial assets at amortised cost includes accounts receivable, bank balances, and amounts due from related parties and other receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  a. The Company has transferred substantially all the risks and rewards of the asset, or

  b. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are more than one year past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include accounts payable, retention payables, value-added tax payable, other payables, amounts due to related parties, leases liabilities, bank overdrafts and short-term loans and derivative financial instruments.

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss ("FVTPL") - not applicable to the Company
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to accounts payable, value-added tax payable, retention payables, other paybales, amounts due to related parties, leases liabilities, bank overdrafts and short-term loans.

Derecognition

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

Offsetting of financial instruments

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

o) Derivative financial instruments

Initial recognition and subsequent measurement

The Company uses derivative financial instruments (which are all interest rate swaps) to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

p) Inventories

Inventories comprise goods held for resale. Inventories are valued at the lower of cost and net realisable value using the weighted average cost basis. Directly attributable costs and incomes (including applicable commercial income) are included in the cost of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

q) Bank balances and cash

Bank balances and cash in the statement of financial position compromise of cash at banks and cash on hand which are subject to insignificant risk of change in value.

r) Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income after deducting losses brought forward in each year until it has built up a reserve equal to 30% of capital. The reserve is not available for distribution except in circumstances specified in the Saudi Arabian Regulations for Companies. The management in the prior years have resolved to keep the statutory at 50% of capital.

s) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax (zakat) rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

t) Employees' benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and air fare that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in statement of financial position under accrued expenses.

Employees' end of service benefits

The Company operates a non-funded employee terminal benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets at that date.

The defined benefit obligation is re-measured by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations. Net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the statement of profit or loss as past service costs.

For the liability for employees' terminal benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour and Workmen Law as well as the Company policy.

u) Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

v) NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and / or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

w) SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

x) Judgements

In the process of applying the Company' accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determination and allocation of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Company assess the impact of any variable consideration in the contract; due to rebates; right to return and customer loyalty programme. The Company uses the expected value method to estimates the goods that will be returned and volume rebates, because this method best predicts the amount of variable consideration to which the Company will be entitled.

For customer loyalty programme, transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience.

The stand-alone selling price of the product sold is estimated on the basis of the retail price.

Determining the lease term of contracts with renewal and termination options - Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has a lease contract that include extension and termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Component parts of property and equipment

The Company's assets, classified within property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

y) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives of property and equipment

Management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment test of non-financial assets

Impairment of non-financial assets incur when the carrying value of an asset or Cash Generating Unit ("**CGU**") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use is based on a Discounted Cash Flow ("**DCF**") model. The cash flows are derived from the budget and business plan for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses of trade accounts receivables

The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Valuation of employees' terminal benefits

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and other assumptions. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Revenue recognition - Estimating variable consideration for returns and volume rebates

The Company estimates variable considerations to be included in the transaction price for the wholesale with rights of return and volume rebates.

The Company applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Company.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company updates its assessment of expected returns and volume rebates at the end of each reporting period. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

Revenue recognition - Estimating stand-alone selling price – Arbahi loyalty programme

The Company estimates the stand-alone selling price of the loyalty points awarded under the Arbahi loyalty programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Company considers breakage which represents the portion of the points issued that will never be redeemed. The Company applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Company considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Company ensures that the value assigned to the loyalty points is commensurate to the standalone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 2020, the estimated liability for unredeemed points was SR 39.6 million (2019: SR 28.2 million).

z) Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

aa) Commercial income

Management is required to make estimates in determining the amount and timing of recognition of commercial income for some transactions with suppliers. In determining the amount of volume-related allowances recognised in any period, management estimate the probability that the Company will meet contractual target volumes, based on historical and forecast performance. There is limited estimation involved in recognising income for promotional and other allowances. Management assesses its performance against the obligations conditional on earning the income, with the income recognised either over time as the obligations are met, or recognised at the point when all obligations are met, dependent on the contractual requirements.

Commercial income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Company at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Management views that the cost of inventories sold (which is inclusive of commercial income) provides a consistent and complete measure of the income statement impact of the overall suppliers relationships.

6-4 The main factors that affect the results of operations

6-4-1 General economic factors

The Company's performance might be affected directly by the general economic situation in Saudi Arabia which affects the purchasing power of consumers and limits their spending power and ability. The consumers' spending power has a direct effect on their average purchases.

Furthermore, any initiatives taken by the Government to ease the financial pressure such as decreasing the governmental support on fuel or other public services or imposing new taxes on expatriates might affect the business. For instance, cutting or reducing the subsidy on gasoline will result in a significant increase in the fuel prices and other public services and goods which will subsequently affect the consumers' spending power and increase in the business costs of the Company. Furthermore, initiation of new taxes on expatriates will have a direct impact on the number of transactions carried-out in pharmacies and might also lead to an increase in costs. On the other hand, social evens held in Saudi Arabia (such as Riyadh season, Jeddah season and others) and the new amendments to the applied policies in the country (such as issuance of tourists visas and others) also affect the economic activity.

It should be noted that the effect of the aforementioned economic factors on the Company's business operations is considered limited when compared to other companies due to the fact that the product sold by the Company "**medicines**" is considered a vital product. And although the Company's sales might witness regular and seasonal fluctuation, sales do not usually fluctuate significantly since the consumption levels of medicines is relatively stable given the importance of the product for consumers.

For further information about the effect of the general economic conditions, please refer to the section 2-1-1 "**risks related to the performance of the company in pharmaceutical trading sector and spending level**" and section 2-2-4 "**risks related to Kingdom Economy and Middle East**".

6-4-2 Seasonality

The Company's business activities witnesses fluctuations between seasons. For example, the consumption of medicines and medical consumables records an increase during religious occasions such as the holy month of Ramadan (preparations for this season starts taking place since Sha'ban) and the Hajj season (for which preparations start taking place in Zul Qa'dah of every year). Sales levels are sometimes also affected by the timing of the beginning and ending of the schooling season where sales usually increase during periods preceding the schooling season.

For further information about seasonality, please refer to section 2-1-7 "**Risks related to the seasonal factors**".

6-4-3 The outbreak of infectious diseases

The outbreak of infectious diseases or any similar threat to the public health might have a negative effect on the business operations of the Company. During December 2019G, a new type of the Corona virus (Covid-19) has been discovered in the Wuhan city located in the Hubei province in China. The outbreak of Covid-19 globally resulted in numerous countries, including Saudi Arabia to implement restrictive measures to control the spread of the virus. Such measures included lock-downs, travel restrictions and/or mandatory quarantine measures on international travelers and, in many cases, on residents within cities, regions or provinces of certain countries. It should be noted that the Company was also affected by the precautionary measures which were imposed on the business related movements by the respective authorities inside the Kingdom and which led to temporary closures to a number of sites in the project services field. The extent of influence of the COVID-19 on the Company's business depends on the evolution of current events and the new information which will become available about how serious and dangerous the virus is and what types of measures will be required to contain and mitigate the corresponding threat. In case the virus continues to spread and in case the corresponding measures and restrictions remain valid or escalate to include new measures, this will have a significant negative effect on the Company's business, financial performance and results and future growth.

It should be noted that the COVID-19 crisis did not have any negative effect on the Company's business but in fact triggered an increase in business activity and revenue in 2020G and the first quarter of 2021G. This was mainly due to the fact that the Company's product is a vital product. Furthermore, pharmacies are amongst the few organizations which were allowed to operate in the partial and full lockdowns during the pandemic phase which led to a significant increase in demand for all the pharmacies' products.

For further information about the effect of the Covid-19 outbreak, please refer to section 2-1-16 "**risks related to the Application of COVID-19 Precautionary Measures** ".

6-4-4 Discounts

Discounts are not directly related to the cost factors and any future change in discounts is expected to affect the operating profit margin of the Company. Discount levels are affected by multiple factors including competition, budgets, entry of new competitors in markets, deterioration of brand market, new contracts with new customers and increase in sales to existing customers.

For further information about the level of discounts influence, please refer to the section 2-1-39 "**risks related to Commercial Discounts Granted by the Company to Retail and Wholesale Customers**".

6-4-5 Competition

Competition is one of the factors which affect multiple aspects of work as well as the Company's decisions. The risks and effects of competition can be witnessed on more than one level during the normal business course. One type of competition which the Company deals with is the geographical competition where the Company's ability to compete varies between one region and the other (for instance, the Company has high competitive advantages in certain regions such as Abha and other eastern areas due to the historical presence which the Company has in these areas. The Company's ability to compete decreases in regions such as Jeddah which attracts a significant number of competitors).

In addition to the geographical competition, the competition's effects can be witnessed through sales and profits associated with the different product sold by the Company where the gross profit margins of the various products are usually affected by the prices and sales offers of the Company's competitors. For example, the gross profit margins associated with baby products were affected by the increase in competition in the past years).

For further information about the level of competition influence, please refer to the section 2-2-2 "**risks related to highly Competitive factors in the Industry in which the Company operates**".

6-4-6 Fluctuation in the pharmacies numbers

Revenues generated from the Company is always affected by the number of operating pharmacies which fluctuates as a result of the opening of new pharmacies and closing new branches. The marketing team of the Company evaluates the market status on a regular basis to assess business opportunities and detect places and markets which represent profitable commercial destinations and can provide fertile ground for the Company. With regards to closure of pharmacies, the Company closes pharmacies on a regular basis where old pharmacies are closed and replaced by new pharmacies with improved characteristics to attract higher number of customers.

For further information about the fluctuation of pharmacies numbers, please refer to the section 2-1-4 "**risks related to the Company's expansion strategy**".

6-4-7 Risk related to Governmental policies

A number of work transactions carried-out between the Company and the Governmental parties and particularly "**Ministry of Health**" and one "**semi-governmental**" customer operating the "**Wasfaty**" platform. Since a portion of the Company's work is conducted with the Governmental parties, the Company's revenues might be affected by the performance of the Governmental parties, the level of Government spending, the Governmental policies related to the budget, bureaucratic constraints, changes in financial, fiscal and contractual Governmental policies, public spending constraints or any other various factors. Changes in these Governmental policies could have a significant effect on the size of the Company's sales to customers or the size of the purchases acquired from the customers, which can have a negative effect on the level of business performed by the Company through sales from customers or purchases from suppliers.

For further information about risks related to the Governmental policies, please refer to the section 2-1-15 "**risks related to the Company's transactions with government entities**".

6-5 Key Performance Indicators

The following table presents the Company's key performance indicators (KPIs) for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-1): Key Performance Indicators

	Financial year ended 31 December		
	2018G	2019G	2020G
Revenue growth	12.5%	4.4%	25.2%
Net income growth	9.9%	2.1%	5.7%
Gross profit margin	38.9%	40.1%	37.9%
Operating profit margin	7.7%	7.5%	7.9%
Net profit margin	6.0%	5.9%	5.0%
Return on Equity	26.5%	24.1%	22.2%
Return on Assets	7.6%	7.4%	7.0%
Current Assets/Current Liabilities	111.1%	111.6%	108.1%
Debt/Equity	81.0%	74.3%	80.1%
Commercial income / net income	164.4%	201.9%	172.8%
No. of pharmacies	833	847	865

Source: Reviewed financial statements for the years ended 2018G, 2019G and 2020G.

6-6 Income Statement

The following table shows the Company's income statement for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-2): Income Statement

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G-2020G
Revenues from contracts with customers	3,797.2	3,962.4	4,962.1	4.4%	25.2%	14.3%
Cost of sales	(2,318.5)	(2,375.5)	(3,080.8)	2.5%	29.7%	15.3%
Gross profit	**1,478.7**	**1,587.0**	**1,881.3**	**7.3%**	**18.5%**	**12.8%**
Selling and distribution	(1,092.6)	(1,195.9)	(1,381.2)	9.5%	15.5%	12.4%
General and administrative	(92.6)	(95.2)	(107.1)	2.8%	12.5%	7.6%
Operating profit	**293.5**	**295.9**	**392.9**	**0.8%**	**32.8%**	**15.7%**
Change in fair value of swaps	(5.7)	(15.6)	(94.9)	176.4%	506.8%	309.6%
Finance costs - others	(67.2)	(65.9)	(60.3)	(1.9%)	(8.5%)	(5.3%)
Other income, net	9.0	29.6	23.4	229.9%	(20.9%)	61.5%
Profit before zakat	**229.6**	**244.0**	**261.1**	**6.2%**	**7.0%**	**6.6%**
Zakat	(1.3)	(10.8)	(14.7)	722.4%	36.1%	234.5%
Profit for the year	228.3	233.2	246.4	2.1%	5.7%	3.9%

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

The Company's net sales amounted to SAR 3,797.2 million and SAR 3,962.4 million during 2018G and 2019G, respectively. The Company's revenues is mainly related to pharmacy sales, which constitute the key component of the company's activity and sales. The Company's sales also include wholesale revenues, which are mainly related to a number of products for which the company is the exclusive distributor or agent in the Kingdom of Saudi Arabia.

Net sales increased by 4.4% or by SAR 165.2 million from SAR 3,797.2 million in 2018G to SAR 3,962.4 million in 2019G. This was primarily driven by the increase in pharmacy sales by 6.5% or by SAR 246.6 million from SAR 3,776.8 in 2018G to SAR 4,023.4 million on 2019G driven by the increase in sales to insurance and credit customers and the increase in number of pharmacies.

Net sales further increased by 25.2% or by SAR 999.7 million from SAR 3,962.4 in 2019G to SAR 4,962.1 million in 2020G. The increase was associated with a number of factors mainly including: the key role which the pharmacies played during the lockdowns period following the Covid-19 outbreak, since pharmacies were amongst the few organizations which were exempted from the closure decision during the lockdown periods. As a result, pharmacies represented a haven for consumer during the aforementioned periods. It should be noted the Covid-19 outbreak did not only trigger an increase in the sales of products related to the pandemic, but also led to a general increase in demand for medications and medical consumables sold in pharmacies. Furthermore, the increase in revenues generated from one of the semi-governmental customers from SAR 83.8 million in 2019G to SAR 345.1 million in 2020G. For more information on the arrangement with the semi-government client please refer to section 6-6-1 "**Net Sales**" in the prospectus.

Cost of sales mainly comprised of material and products purchased by the Company to be subsequently sold to clients. These products mainly include medicines and medical consumables as well as cosmetic products and personal care products. Cost of sales did not witness any significant fluctuation between 2018G and 2019G but recorded a 2.5% increase or by SAR 57.0 million from SAR 2,318.5 million in 2018G to SAR 2,375.5 million in 2019G. The increase was in line with the increase in net sales and was primarily driven by the increase in the quantity of goods purchased by the Company in order to keep pace with the increase in net sales between 2018G and 2019G. Cost of sales further increased by 29.7% or by SAR 705.3 million from SAR 2,375.5 million in 2019G to SAR 3,080.9 million in 2020G. Similarly, the increase was driven by the increase in the quantity of goods purchased which increased to keep pace with the increase in activity and revenue.

Gross profit increased by 7.3% or by SAR 108.3 million from SAR 1,478.7 million in 2018G to SAR 1,587.0 million in 2019G. Gross profit margin increased from 38.9% in 2018G to 40.1% in 2019G. The increase in gross profit and gross margin was primarily driven by the increase in revenue. It should be noted that aforementioned increase in gross profit margin was mainly affected by the discounts that the Company obtained from suppliers in 2019G, whereby the Company was granted various discounts that where classified within commercial income under cost of sales. Gross profit further increased by 18.5 % or by SAR 294.3 million from SAR 1,587.0 in 2019G to SAR 1,881.3 million in 2020G. The increase was primarily driven by and in line with the increase in net sales during the period.

Operating expenses incurred by the Company between 2018G to 2020G were mainly composed of selling and distribution expenses which accounted for 92.2%, 92.6% and 92.8% of the total operating expenses in 2018G, 2019G and 2020G respectively. Operating expenses also included general and administrative expenses.

Selling and distribution expenses mainly comprised of salaries and benefits paid to the employees operating the Company's pharmacies and warehouses. Selling and distribution expenses also included the depreciation cost associated with the fixed assets and intangible assets placed in these pharmacies and warehouses. Selling and distribution expense increased by 9.5% or by SAR 103.3 million from SAR 1,092.6 million in 2018G to SAR 1,195.9 million in 2019G. The increase was driven by the increase in employees cost (due to increase in number of employees), increase in depreciation cost of property and equipment and an increase in marketing, advertising and sales promotions. It should be noted that employees cost increased by 8.4% between 2018G and 2019G. While depreciation of property and equipment increased by 7.7% during the same period. marketing, advertising and sales promotions increased by 17.8% between 2018G and 2019G.

Selling and distribution expenses further increased by 15.5% or by SAR 185.4 million from SAR 1,195.9 million in 2019G to SAR 1,381.2 million in 2020G. The increase was primarily driven by the increase in employees cost due to an increase in number of employees hired to keep pace with the increase in the level activities and to improve the level of the services being provided. Employees cost increased by 27.6% between 2019G and 2020G.

General and administrative expenses mainly comprised of salaries and benefits of the administrative employees operating the finance, administrative and legal functions. General and administrative expenses increased by 2.8% or by SAR 2.6 million from SAR 92.6 million in 2018G to SAR 95.2 million in 2019G. The increase was primarily driven by the increase in professional fees and other various expenses. General and administrative expenses further increased by 12.5% or by SAR 11.9 million from SAR 95.2 million in 2019G to SAR 107.1 million in 2020G. The increase was primarily driven by a number of items which included IT services and other expenses.

Operating profit increased by 0.8% or by SAR 2.4 million from SAR 293.5 million in 2018G to SAR 295.9 million in 2019G. The increase in operating profits was in line with the increase in net sales. However, operating profit margin declined from 7.7% in 2018G to 7.5% in 2019G due to the increase in selling and distribution expenses between both years. Operating profit further increased by 32.8% or by SAR 97.0 million from SAR 295.9 million in 2019G to SAR 392.9 million in 2020G. This was primarily due to the increase in net sales. Operating profit margin increased from 7.5% in 2019G to 7.9% in 2020G.Change in fair value loss on swap derivatives liabilities was associated with foreign currency derivative swap contracts (US dollars) and interest rate swap contracts secured by the Company. The Company measures these derivative financial instruments at fair value based on significant observable inputs (Level 2) since there are no transfers amongst levels when measuring fair value during the year. The Company recorded financing cost (unrealized fair value loss on swap derivatives liabilities) of SAR 5.7 million in 2018G. The value of the loss increased by 176.4% or by an amount of SAR 9.9 million from SAR 5.7 million in 2018G to SAR 15.6 million in 2019G, with an additional increase of 506.8% or an amount of SAR 79.3 million to SAR 94.9 million in 2020G. This loss was mainly caused by the decline in LIBOR interest following the outbreak of the Covid-19 pandemic during 2020G.Finance costs - others are primarily associated with the loans which the Company acquired between 2018G and 2020G to support working capital and different projects requirements. Finance costs included interest expense related to lease liabilities and employees' terminal benefits. Finance costs declined by 1.9% or by SAR 1.3 million from SAR 67.2 million in 2018G to SAR 65.9 million in 2019G. Finance costs further declined by 8.5% or by SAR 5.6 million to SAR 60.3 million in 2020G. The gradual decline in finance costs during the reporting period is mainly attributed to the decline in finance costs associated with the lease liabilities between 2018G and 2020G following the closure of a number of pharmacies. In addition, the decline in finance costs during 2020G was affected by the fact that the Company was exempted from ATM and Point of Sale (POS) charges and the by lower finance charges associated with Al Rajhi bank loans as part of initiatives introduced by banks to support customers during the Covid-19 pandemic.

Other income is mainly related to various sources of income which were not strictly related to the core business activities of the Company. Other income mainly included realized gains associated with derivative swap contracts, governmental incentive fees paid to the company to support employees requirements and amounts which were recorded as due to suppliers and which were subsequently written off. Other income declined by 20.9% or by SAR 6.2 million from 29.6 million in 2019G to SAR 23.4 million in 2020G. The decline was primarily due to the decline in revenues from Governmental fees and the absence of any revenues associated with the reversal of liabilities no longer required as was the case in 2019G.

Profit before zakat increased by 6.2% or by SAR 14.3 million from SAR 229.6 million in 2018G to SAR 244.0 million in driven by the increase in net sales and other income during the period. Profit before zakat further increased by 7.0% by SAR 17.1 million from SAR 244.0 million in 2019G to SAR 261.1 million in 2020G. This was primarily driven by the increase in net sales between 2019G and 2020G.

Zakat expenses increased by 722.4% or by SAR 9.5 million from SAR 1.3 million in 2018G to SAR 10.8 million in 2019G. It should be noted that the zakat expenses which were recorded in 2018G were exceptionally low due to the reversal of zakat expenses and provisions which were recorded in previous years. In 2020G, zakat expenses further increased by 36.1% or by SAR 3.9 million from SAR 10.8 million in 2019G to SAR 14.7 million in 2020G. The increase was in line with the increase in net sales and the Company's activities during the period.

Profit of the year increased by 2.1% or by SAR 4.9 million from SAR 228.3 million in 2018G to SAR 233.3 million in 2019G. Net profit margin declined from 6.0% in 2018G to 5.9% in 2019G. While the increase in profit for the year was in line with the increase in net sales, the decline in net profit margin by 0.1% was due to higher zakat expense between 2018G and 2019G. Profit for the year further increased by 5.7% or by SAR 13.2 million from SAR 233.2 million in 2019G to SAR 246.4 million in 2020G. This was mainly due to increase in net sales. Although net profit increased in 2020G, net profit margin declined to 5.0% as a result of the low profit margins associated with the sales of "Wasfaty Program" with one of the company's semi-government clients. As mentioned previously, the sales generated from this client increased from SAR 83.8 million 2019G to SAR 345.1 million in 2020G.

6-6-1 Net Sales

The following table shows the Company's net revenues from contracts with customers for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-3): Net Sales

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G-2020G
Sale of goods - retail	3,776.8	4,023.4	5,243.8	6.5%	30.3%	17.8%
Sale of goods - wholesale	135.9	138.2	157.0	1.6%	13.6%	7.5%
Total gross sales	**3,912.7**	**4,161.6**	**5,400.7**	**6.4%**	**29.8%**	**17.5%**
Less:						
Trade discounts	(80.2)	(165.7)	(391.3)	106.7%	136.2%	121.0%
Customers' loyalty program	(31.8)	(28.6)	(39.5)	(10.1%)	37.9%	11.3%
Rebates	(3.5)	(4.9)	(7.8)	38.1%	61.1%	49.1%
Discounts	**(115.5)**	**(199.2)**	**(438.7)**	**72.4%**	**120.3%**	**94.9%**
Net revenue	**3,797.2**	**3,962.4**	**4,962.1**	**4.4%**	**25.2%**	**14.3%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

The Company's sales are related to a group of products, cosmetic products, medical supplies and other products that can be classified under more than one group or category. However, the company's sales are generally spread between retail sales and wholesale sales.

Retail sales mainly include the sales of the pharmacies operated by the Company, sales of the key warehouse located in the Sudair area in Riyadh and sales of the Nuvola cosmetic products.

Total gross sales increased by 6.4% or by SAR 248.9 million from SAR 3,8912.7 million in 2018G to SAR 4,161.6 million in 2019G. The increase was primarily driven by the increase in retail sales by 6.5% or by 246.6 million from SAR 3,776.8 million in 2018G to SAR 4,023.4 million in 2019G. Furthermore, the increase wholesale sales 1.6 % or by SAR 2.2 million from SAR 135.9 million in 2018G to SAR 138.2 million in 2019G has also contributed to the increase in gross sales between both years.

The increase in sales generated from retail sales was driven by the increase in sales made to insurance companies, credit companies and pharmacy customers, in addition to the increase in sales made to one of the Company's semi-governmental customers (Wasfaty Program). On the other hand, the increase in wholesale revenueswas driven by a slight increase in sales of products for which the Company operates as an agent in the Kingdom of Saudi Arabia.

The increase in sales during 2020G was concentrated in the increase in retail sales, which increased by 30.3% or by SAR 1,220.3 million from SAR 4,023.4 million in 2019G to SAR 5,243.8 million in 2020G. The increase was mainly related to the increase in sales from pharmacies during 2020G and which resulted from an increase in sales of Covid-19 related products and the expansion of the role played by pharmacies during the partial and full lockdowns periods during the Covid-19 pandemic outbreak. With regards to wholesale sales, the increase by 13.6%, or by SAR18.8 million from SAR 138.2 million in 2019G to SAR 157.0 million in 2020G was driven by the increase in sales from a number of key wholesale customers.

The Company grants various discounts to its customers within the normal course of business. The type and value of these discounts vary depending on the value and type of sales made.

Trade discounts constitute the key component of discounts granted by the company. These discounts represent offers and discounts granted to retail and wholesale customers. These discounts increased by 106.7% or by SAR 85.5 million from SAR 80.2 million in 2018G to SAR 165.7 million in 2019G, with a further increase of 136.2% or by SAR 225.7 million to SAR 391.3 million in 2020G. The increase was related to discounts granted to two key customers (a retail customer and a wholesale customer) considered amongst the key credit customers of the Company. The retail client is a client that the company deals with as a representative of the Ministry of Health and the public health sector, and this client, who is a semi-government client, was granted high value discounts between 2019G and 2020G. The other customer (the wholesale customer) is a medical devices and equipment company which was also granted high value discounts in 2020G on account of high value purchases of medical supplies and tools made during the year.

Customer loyalty program is a profit and discount program that provides the company's customers with points related to their purchases. The customer loyalty program states that the customer can collect certain points which relate to the volume and value of its purchases. The customer loyalty program precises the number of available points that a customer can obtain when making a purchase with a certain value, so that the number of points increases gradually with the increase in the value of purchases. At later stages, the customer has the right to redeem the accumulated points for discounts on future purchases. Discounts granted under the customer loyalty program declined by 10.1% or by SAR 3.2 million from SAR 31.8 million in 2018G to SAR 28.6 million in 2019G. Discounts increased back by 37.9% or by SAR 10.9 million to SAR 39.5 million in 2020G. It should be noted that the discounts granted within the loyalty program are not exclusively driven by the volume of sales, but are also related to the number of customers registered in the loyalty program and the extent of their use of the points which they were able to earn.

Rebate discounts (quantity discounts) amounting to SAR 3.5 million and SAR 4.9 million in 2018G and 2019G are various discounts granted to wholesale customers. The increase in these discounts by 38.1% or by SAR 1.4 million between the years 2018G and 2019G and by 61.1% or SAR 3.0 million in the year 2020G was related to the increase in the volume of purchases made by wholesale customers. It should be noted that the aforementioned discounts are granted to wholesale customers upon purchasing specific quantities agreed upon with the Company.

6-6-2 Retail sales

The following table shows the Company's retail sales for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-4): Retail sales

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G-2020G
Pharmacies	3,769.6	4,013.7	5,186.0	6.5%	29.2%	17.3%
Main warehouse	0.3	6.2	55.9	2,019.1%	807.8%	1,287.0%
Nuvola	6.9	3.6	1.8	(47.8%)	(50.6%)	(49.2%)
Total	**3,776.8**	**4,023.4**	**5,243.8**	**6.5%**	**30.3%**	**17.8%**

Source: management information

Revenues related to retail sales consist mainly of pharmacies sales, which accounted for 99.8% of the total retail sales in both years 2018G and 2019G and 98.9% of total sales in 2020G. Pharmacy sales are the daily sales collected from different customers and patients who visit pharmacies on a daily basis to purchase medicines, medical consumables and other products.

These clients include patients who are referred by Government and private hospitals to have their prescriptions filled and other clients who visit pharmacies on a daily basis to purchase over-the-counter medicines and medical supplies. It must be noted that the pharmacy's sales are not limited to its daily visitors, but also include sales to outpatient clinics and medical centres that are provided with medicines and medical supplies on a regular basis. Revenues from pharmacy sales increased by 6.5% or SAR 244.1 million, from SAR 3,769.6 million in 2018G to SAR 4,013.7 million in 2019G. The rise was mainly driven by increased sales to insurance and credit companies dealing with the company.

Pharmacies' revenues recorded a new increase of 29.2%, or SAR 1,172.4 million from SAR 4,013.7 million in 2019G to SAR 5,186.0 million in 2020G. The aforementioned rise was driven by several factors:

- The first factor is the integral role played by pharmacies during the lockdowns and quarantine periods that the Kingdom witnessed during the spread of Covid-19 pandemic. In addition to the increase in sales of products related to the Covid-19 pandemic, the general demand for all pharmaceutical products, personal use and various products sold in pharmacies has also increased. It should be noted that, in addition to the supermarkets which were allowed to operate during the lockdown and quarantine periods, pharmacies were one of the few establishments that were exempted from the closure decisions, which led to an increase in the level of activity and sales in general, as pharmacies constituted an inevitable choice for consumers during the quarantine periods since roaming and transportation for long and time consuming distances became difficult during these periods.
- The second factor is the sales of Covid-19 products: during the year 2020G, the sold quantities of products and materials related to the Covid-19 pandemic increased. These products included sterilizers, masks, medical gloves, and various sterilization and protection products that people started to use during the period of the Covid-19 pandemic. It should be noted that the aforementioned products have always been part of the products sold in pharmacies, but the demand for these products and the quantities sold during 2020G increased significantly.

- The third factor that contributed to the increase in revenues is the opening of a number of new pharmacies, which reached to 40 pharmacies in 2020G.
- The fourth factor is the increase in sales to one of the semi-governmental clients under the "Wasfaty" program. It should be noted that the transactions with the semi-governmental client were initiated at the end of 2018G and witnessed a significant increase in the year 2019G.

The company's main warehouse is located in Al Sudair area in Riyadh and is considered the main warehouse of the company responsible for supplying the bulk of the company's branches and pharmacies with the necessary medicines, consumables and products. Revenues generated from the main warehouse is mainly related to high volume sales that are purchased by some customers directly from the warehouse. Until 2018G, warehouse sales were mainly related to wholesale sales and retail sales did not include revenues from warehouse sales. However and starting the last quarter of 2018G, the company adopted a new policy that allowed customers (specifically companies and clinics that the company deals with) who need relatively high quantities of medicines and supplies to purchase these quantities directly from the warehouse. Warehouse revenues increased by 2,019.1% or by SAR 5.9 million from SAR 0.3 million in 2018G to SAR 6.2 million in 2019G, as the aforementioned new policy was adopted at the end of 2018G, and direct warehouse sales were relatively active in 2019G.

Sales from main warehouse recorded an additional increase of 807.8% or by SAR 49.7 million from SAR 6.2 million in 2019G to SAR 55.9 million in 2020G. Increase in sales was associated with a number of high-value orders made in the year 2020G from a number of customers located within the geographical scope of the warehouse. These orders included relatively high quantities of goods which were directly brought from the warehouse since these were large quantities required and since the geographical distance between the warehouse location and the location of the corresponding customers was relatively short.

Nuvola sales mainly include cometic products manufactured under the brand name "Nuvola" and which are distributed and sold by the company through chain stores. These sales decreased by 47.8%, or by SAR 3.3 million from SAR 6.9 million in 2018G to SAR 3.6 million in 2019G due to the closure of a number of stores following the Company's decision to gradually suspend this activity due to the absence of the desired revenues levels. Nuvola sales witnessed an additional decrease of 50.6%, or by SAR 1.8 million from SAR 3.6 million in 2019G to SAR 1.8 million in 2020G. It should be noted that the number of stores associated with Nuvola sales decreased from three stores in 2018G to two stores in 2019G and one store in early 2020G which was closed by the end of 2020G.

6-6-3 Retail sales by customer type

The following table shows the Company's retail sales by customer type for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-5): Retail sales - customer type

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2018 G- 2020G	2019G	2020G	2018G – 2020G
Walk-in customers	3,572.8	3,604.9	4,391.0	0.9%	21.8%	10.9%
Insurance companies	192.2	268.3	344.7	39.6%	28.5%	33.9%
Credit customers	11.7	90.4	350.7	671.5%	287.8%	447.0%
Online sales	-	59.8	157.3	-	163.3%	-
Total	**3,776.8**	**4,023.4**	**5,243.8**	**6.5%**	**30.3%**	**17.8%**

Source: management information

Another classification that can be adopted to classify the retail sales revenues that the company generates is the classification based on to the type of customer. Walk-in customers represent the company's main customers and revenues generated from these customers accounted for 94.6%, 89.6% and 83.7% of the total retail sales during 2018G, 2019G and 2020G, respectively. As previously mentioned, pharmacy visitors include patients and customers who visit the pharmacy on a daily basis to dispense prescriptions and purchase necessary medical supplies and medicines.

Sales from walk-in customers increased by 0.9%, or SAR 32.1 million from SAR 3,572.8 million in 2018G to SAR 3,604.9 million in 2019G. It should be noted that the revenue generated from walk-in customers is usually affected by the number of pharmacies that are opened and closed annually. It should also be mentioned that the annual sales of any pharmacy are expected to grow annually, given that the number of customers that the pharmacy attracts in its geographical environment usually increases from year to year, and the level of customers' loyalty usually grows gradually, except in rare cases related to the decline in the performance of the pharmacy. Sales from pharmacies further increased by 21.8%, or SAR 786.1 million in 2020G, from SAR 3,604.9 in 2019G to SAR 4,391.0 million in 2020G. As mentioned above, the increase was associated with the increase in sales of Covid-19 products and the increase in the number of walk-in customers during lockdowns and quarantine periods.

Sales from insurance companies are related to the patients' bills as well as the bills of clients covered by insurance provided by insurance companies. Revenue from insurance companies increased by 39.6%, or SAR 76.1 million in 2019G from SAR 192.2 million in 2018G to SAR 268.3 million in 2019G. Sales from insurance clients recorded an additional increase by 28.5%, or SAR 76.4 million in 2020G from SAR 268.3 million in 2019G to SAR 344.7 million in 2020G. The increase was primarily driven by the increase in the market share of the insurance companies that the company deals with, as the number of citizens covered by the insurance coverage provided by the aforementioned companies increased. These increases were also affected by the increase in the number of pharmacies during the years 2019G and 2020G.

As mentioned above, credit customers include a number of companies and medical clinics which the company provides for different types of medicines, products and medical consumables. Revenue generated from the company's clients increased by 671.5% or SAR 78.7 million from SAR 11.7 million in 2018G to SAR 90.4 million in 2019G. The increase was related to the sales associated with the "**Wasfaty**" program with one of the semi-governmental company's clients and which amounted to SAR 345.1 million in 2020G.

Sales from credit customers further increased in 2020G and by 287.8%, or SAR 260.3 million from SAR 90.4 million in 2019G to SAR 350.7 million in 2020G. The increase during 2020G was primarily related to the same semi-governmental client that the company dealt with in 2019G. It should be noted that the aforementioned client is considered one of the representatives of the Ministry of Health and the public health sector. The agreement between the company and the client stipulates that all patients who are treated in hospitals and medical centres should be transferred to the company's pharmacies in order to dispense their prescriptions.

Online sales recorded in 2019G were associated with sales purchased online. Online sales increased by 163.3%, or by SAR 97.6 million in 2019G from SAR 59.8 million in 2019G to SAR 157.3 million in 2020G. The increase was primarily driven by the increase in online sales during the Covid-19 pandemic. It should be noted that online sales are made through an application that is downloaded by customers, as this application allows customers to choose the desired product and complete the payment process via their credit cards. The products purchased by the company are then delivered to the customer's desired location.

6-6-4 Gross retail sales -insurance companies

The following table shows the Company's gross retail sales by insurance companies for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-6): Gross retail sales -insurance companies

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Insurance client 1	87.6	123.8	168.1	41.3%	35.8%	38.5%
Insurance client 2	38.1	40.3	51.2	5.8%	26.8%	15.9%
Insurance client 3	9.7	21.8	23.7	125.7%	8.5%	56.5%
Insurance client 4	10.5	19.0	12.0	80.9%	(36.8%)	7.0%
Insurance client 5	6.0	17.8	21.5	196.7%	20.9%	89.4%
Insurance client 6	10.5	11.8	13.3	12.0%	13.0%	12.5%
Insurance client 7	1.6	7.3	19.4	348.4%	163.3%	243.6%
Insurance client 8	3.8	7.2	10.3	92.3%	42.9%	65.7%
Insurance client 9	7.2	7.1	6.6	(1.6%)	(7.3%)	(4.5%)
Insurance client 10	7.7	6.7	13.4	(13.1%)	99.1%	31.5%
Insurance client 11	7.7	5.4	5.4	(29.4%)	(0.7%)	(16.3%)
Insurance client 12	1.1	-	-	(100.0%)	-	(100.0%)
Insurance client 13	0.7	-	-	(100.0%)	-	(100.0%)
Total	**192.2**	**268.3**	**344.7**	**39.6%**	**28.5%**	**33.9%**

Source: management information

Sales from insurance companies were concentrated in sales related to insurance client 1 and insurance client 2. Sales generated from these two customers represented 65.4%, 61.2% and 63.6% of the total sales from insurance companies in 2018G, 2019G and 2020G, respectively.

Sales from insurance companies increased by 39.6%, or SAR 76.1 million in 2019G from SAR 192.2 million in 2018G to SAR 268.3 million in 2019G. Sales further increased by 28.5%, or SAR 76.4 million in 2020G from SAR 268.3 million in 2019G to SAR 344.7 million in 2020G. The increase was primarily driven by an increase in the market share of insurance companies following the increase in the number of patients and clients covered by insurance coverage from these insurance companies and the increase in the number of pharmacies operating between 2018G and 2020G.

6-6-5 Gross retail sales -credit customers

The following table shows the Company's gross retail sales by credit customers for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-7): Gross retail sales - credit customers

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Client 1	1.1	83.8	345.1	7,518.2%	311.8%	15,586.4%
Others	10.6	6.6	5.5	(37.7%)	(16.7%)	(74.1%)
Total	**11.7**	**90.4**	**350.7**	**672.6%**	**287.8%**	**1,398.3%**

Source: management information

Prior to 2019G, generated from credit customers were spread amongst several companies and commercial clients. Revenue from credit clients became primarily associated with client 1 between 2019G and 2020G. The company entered into a contract with client 1 in December 2018G, and the sales generated from this client increased by 7,518.2%, or by SAR 82.7 million in 2019G, from SAR 1.1 million 2018G to SAR 83.8 million in 2019G. Given that the contract was formulated at the end of 2018G, has led to a significant increase in revenues during 2019G, whereas revenue recorded in 2018G mainly represented one month revenue.

Revenue generated from credit customers further increased by 287.8% or by SAR 260.3 million in 2020G from SAR 90.4 million in 2019G to SAR 350.7 million in 2020G. the increase is driven by the increase in the revenue generated from client 1 by 311.8 % or by SAR 261.4 million in 2020G from SAR 83.8 million in 2019G to SAR 345.1 million in 2020G. Client 1 was appointed by the Saudi Ministry of Health to govern and manage the affairs of patients being treated in government hospitals and medical centres. Based on the contract signed between the company and client 1, all patients being treated in hospitals, clinics and other medical centres are referred to the Company's pharmacies in order to fill their prescriptions.

6-6-6 Gross wholesale -key customers

The following table shows the Company's gross wholesale by key customers for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-8): Gross wholesale -key customers

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Wholesale customer 1	-	10.2	11.1	-	8.0%	-
Wholesale customer 2	7.4	9.7	10.6	30.1%	9.7%	19.4%
Wholesale customer 3	4.4	6.8	8.8	54.7%	30.8%	42.3%
Wholesale customer 4	1.4	3.5	3.7	145.8%	4.2%	60.1%
Wholesale customer 5	5.1	4.1	3.6	(20.3%)	(13.3%)	(16.9%)
Wholesale customer 6	4.7	2.9	3.4	(37.7%)	15.2%	(15.3%)

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Wholesale customer 7	2.2	2.4	2.3	5.8%	(3.1%)	1.3%
Wholesale customer 8	0.1	1.9	1.9	1,327.0%	4.3%	285.7%
Wholesale customer 9	0.4	1.0	1.9	156.6%	83.4%	117.0%
Wholesale customer 10	-	-	1.9	-	-	-
Others	110.1	95.7	107.8	(13.1%)	12.7%	(1.0%)
Total	**135.9**	**138.2**	**157.0**	**1.6%**	**13.6%**	**7.5%**

Source: management information

Revenue generated from wholesale customers increased by 1.6% or by SAR 2.2 million in 2019G from SAR 135.9 million in 2018G to SAR 138.2 million in 2019G. The increase was mainly driven by one contract secured by the company with a new client. The increase was also affected by revenue generated from the Ministry of Health in connection to a number of bids which were initiated by the Ministry of Health and which the company participated in.

Revenue generated from wholesale customers further increased by 13.6% or by SAR 18.8 million in 2020G from SAR 138.2 million in 2019G to SAR 157.0 million in 2020G. The increase was mainly driven by the increase in revenue from three customers: Customer 1, Customer 2 and Customer 3. The aforementioned increase in revenue from these customers was related to the increase in the number of their operating branches and their acquisition of new products from the company (mainly nuts and other products).

6-6-7 Gross sales -product categories

The following table shows the Company's gross sales by product categories for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-9): Gross sales -product categories

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Retail						
Health, wellness and others	2,776.3	2,768.8	3,423.8	(0.3%)	23.7%	11.1%
Pharmaceuticals	1,000.5	1,254.6	1,819.9	25.4%	45.1%	34.9%
Total	3,776.8	4,023.4	5,243.8	6.5%	30.3%	17.8%
Wholesale						
Consumer and others	85.1	76.5	94.2	(10.1%)	23.1%	5.2%
Healthcare	50.9	61.7	62.8	21.2%	1.8%	11.1%
Total	135.9	138.2	157.0	1.6%	13.6%	7.5%
Discounts	(115.5)	(199.2)	(438.7)	72.4%	120.3%	94.9%
Total	**3,797.2**	**3,962.4**	**4,962.1**	**4.4%**	**25.2%**	**14.3%**

Source: management information

Retail revenue mainly includes revenue generated from sales of health, wellness and other and pharmaceutical products. Retail sales increased by 6.5%, or SAR 246.6 million in 2019G from SAR 3,776.8 million in 2018G to SAR 4,023.4 million in 2019G. The increase was mainly driven by the increase in sales of pharmaceutical products. The increase was linked to several factors, including the opening of new pharmacies, new contracts with new commercial customers, and the increase in revenues generated from insurance companies.

Retail sales further increased by 30.3% or by SAR1,220.3 in 2002G from SAR 4,023.4 million in 2019G to SAR 5,243.8 million in 2020G. The increase was primarily driven by the increase in sales of all retail products. As mentioned previously, the increase was related to the increase in the number of operating pharmacies, the increase in sales of Covid-19 products, and the high demand for all pharmacy products during lockdowns and quarantine periods during the Covid-19 pandemic.

Revenue generated from wholesale products was associated with sales of healthcare, consumer and other products. Wholesale revenue increased by 1.6% or by SAR 2.3 million in 2019G from SAR 135.9 million in 2018G to SAR 138.2 million in 2019G. The increase was driven by higher sales of consumer and other products.

Revenue generated from wholesale products further increased in 2020G by 13.6%, or by SAR 18.8 million, from SAR 138.2 million in 2019G to SAR 157.0 million in 2020G. The increase was related to the increase in the quantity of goods purchased from a number of wholesale customers who launched new branches for their institutions and purchased new types and products from the company. Amongst these clients, we mention Arghas Medical Complex, Panda Markets (Jeddah) and Al-Othaim Trading Company.

6-6-8 Vintage analysis – gross retail sales

The following table shows the Company's vintage analysis – gross retail sales for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-10): Vintage analysis – gross retail sales

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Existing pharmacies*	3,734.3	3,862.3	4,733.4	3.4%	22.6%	12.6%
Pharmacies opened in FY18**	35.3	120.5	178.6	241.4%	48.3%	125.0%
Pharmacies opened in FY19**	-	30.9	192.9	-	523.7%	-
Pharmacies opened in FY20**	-	-	81.1	-	-	-
Total	3,769.6	4,013.7	5,186.0	6.5%	29.2%	17.3%
Main warehouse	0.3	6.2	55.9	2,019.1%	807.8%	1,287.0%
Nuvola	6.9	3.6	1.8	(47.8%)	(50.6%)	(49.2%)
Total Revenue	**3,776.8**	**4,023.4**	**5,243.8**	**6.5%**	**30.3%**	**17.8%**

* Existing pharmacies mean those pharmacies that operated from January 1 to December 31 of that year

** The number of pharmacies opened in 2018G, 2019G and 2020G are (30), (36) and (40) respectively

Source: management information

Revenues from pharmacies increased by 6.5%, or 244.1 million SAR, from 3,769.6 million SAR in 2018G to 4,013.7 million SAR in 2019G. The increase was concentrated in the slight increase in revenues generated from existing pharmacies by 3.4% or an amount of SAR 127.9 million, from SAR 3,734.3 million in 2018G to SAR 3,862.3 million in 2019G. The aforementioned increase is considered a slight increase, given that the company opened 30 pharmacies in 2018.

With regards to the increase in revenues in the year 2020G and as mentioned previously, the revenues generated from pharmacies increased by 29.2%, or SAR 1,172.4 million from SAR 4,013.7 million in 2019G to SAR5,186.0 million in 2020G. As in the case of the year 2019, the aforementioned increase in revenue was concentrated in existing pharmacies which recorded an increase in revenue by 22.6%, or by a value of SAR 871.2 million from SAR 3,862.3 million in 2019G to SAR 4,733.4 million in 2020G.

As mentioned previously, the annual sales for any pharmacy is expected to grow annually, given that the number of customers that the pharmacy attracts in its geographical scale usually increases from year to year, and the level of customers' loyalty should grow gradually, except in rare cases related to the decline in the performance of the pharmacy. It should be mentioned that the new pharmacies that open during the a certain year need a three to six months period in order to establish their position in the market and start reaping significant revenues. Therefore, the increase in revenues during a particular year is usually affected by the increase in revenues generated from existing pharmacies and not the revenue obtained from pharmacies opened during the same year

6-6-9 Discounts

The following table shows the Company's discounts for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-11): Discounts

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Trade discounts						
Sales discount	39.0	120.3	344.2	208.7%	186.1%	197.2%
Bonus discount	6.2	13.0	7.7	110.6%	(41.3%)	11.2%
Promotion discount	35.0	32.3	39.5	(7.6%)	22.2%	6.2%
	80.2	**165.7**	**391.3**	**106.7%**	**136.2%**	**121.0%**
Customers' loyalty program	31.8	28.6	39.5	(10.1%)	37.9%	11.3%
Rebate discount	3.5	4.9	7.8	38.1%	61.1%	49.1%
Total	**115.5**	**199.2**	**438.7**	**72.4%**	**120.3%**	**94.9%**

Source: management information

As mentioned earlier, discounts granted by the Company vary and the trade discounts constitute the main component of the discounts.

Trade discounts comprise of sales discounts granted to wholesale and retail customers. These discounts increased by 208.7%, or by SAR 81.3 million in 2019G from SAR 39.0 million in 2018G to SAR 120.3 million 2019G. The increase was mainly driven by a contract that the company secured with one of the Company's semi-governmental clients. It should be noted that the Company granted high value discounts to this customer in connection to the medicines and medical consumables supplied to the employees of the Governmental directorates where the corresponding bills are being sent to this customer. These discounts further increased by 186.1% or SAR 223.9 million in 2020G from SAR 120.3 million in 2019G to SAR 344.2 million in 2020G. The increase was driven by sales made to the Company's semi-governmental client (Wasfaty program) which recorded a remarkable increase in 2020G and led to an increase in the discounts granted to the aforementioned client. As mentioned previously, the increase in sales generated from one of the Company's semigovernmental clients was driven by the increase in the scope and number of services and products sold and provided to patients in government hospitals and medical centers who are being serviced and transferred to the Company's pharmacies by one of the Company's semi-government customers.

Bonus discounts are granted to wholesale customers and these discounts are associated with pharmaceutical and healthcare products. These discounts are granted in the form of free samples and products upon purchasing specified quantities of products and supplies. Bonus discounts increased by 110.6% or by SAR 6.8 million in 2019G from SAR 6.2 million in 2018G to SAR 13.0 million in 2019G. The increase was mainly related to donations made by the company as part of the community support initiatives launched by the Ministry of Health. Bonus discounts declined by 41.3% or by SAR 5.3 million in 2020G from SAR 13.0 million in 2019G to SAR 7.7 million in 2020G. The decline was primarily due to a decrease in the value of donations granted to the Ministry of Health. It should be noted that the value of donations granted to the Ministry does not follow any particular pattern, but rather fluctuates and is affected by the value and quality of the products granted to the Ministry. For example, the value of donations was high in 2019G due to the fact that donations during that year included medical equipment, machines and medical supplies that were available with the Company and took the initiative to donate them to the Ministry. In 2020G, it included donations of medicines and low-value products.

Promotion discounts are discounts given to wholesale customers. It should be noted that these discounts are exclusively associated with imported products and private labels products, which include cosmetic products, pharmacy products and other products which the Company is the main distributor for in the Kingdom of Saudi Arabia. Promotion discounts fluctuate within the normal course of business and the value of discounts granted fluctuates regularly depending on the responsiveness of customers to these discounts.

The customer loyalty program is a rewards and discounts program which grants retail customers earning points associated with their purchases. Discounts granted under the loyalty program decreased by 10.1% or by SAR 3.2 million from SAR 31.8 million in 2018G to SAR 28.6 million in 2019G. It should be noted that these discounts fluctuate within the normal course of business as these are affected by the number of customers registered in the program, the number of points accumulated by these customers, and the redemption scale of these points. It should also be noted that the level of discounts is affected by the volume of sales during the normal course of business. The increase in revenue in 2020G led to an increase in the loyalty program discounts by 37.9%or by SAR 10.9 million from SAR 28.6 million in 2019G to SAR 39.5 million in 2020G.

Rebate discounts which amounted to SAR 3.5 million and SAR 4.9 million in 2018G and 2019G respectively, are various discounts that are mainly granted to wholesale customers and are related to specific products agreed in contracts with customers. The increase in rebate discounts by 38.1% or by SAR 1.3 million between 2018G and 2019G was mainly driven by the increase in the volume of products purchased by wholesale customers. Rebate discounts further increased by 61.1%, or SAR 2.9 million in 2020G from SAR 4.9 million in 2019G to SAR 7.8 million in 2020G. The increase was mainly related to the increase in revenue generated from wholesale customers between the 2019G and 2020G.

6-6-10 Cost of sales

The following table shows the Company's cost of sales for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-12): Costs of sales

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Pharmacies and main warehouse	2,552.8	2,704.5	3,263.3	5.9%	20.7%	13.1%
Wholesale	71.7	66.7	86.2	(7.0%)	29.2%	9.6%
Revaluation	37.3	47.6	43.8	27.5%	(8.1%)	8.3%
Damaged and expired	19.4	11.9	18.5	(38.8%)	56.1%	(2.3%)
Free samples	0.8	3.1	1.5	291.0%	(52.1%)	36.9%
Right to returned goods	3.0	0.3	(0.7)	(89.3%)	(319.8%)	-
Unplanned delivery	0.6	0.0	0.7	(95.8%)	2,916.2%	12.2%
Non-movement stock	8.3	(6.0)	-	(172.3%)	(100.0%)	(100.0%)
Others (discounts earned)	(13.0)	(9.7)	(6.8)	(25.6%)	(29.5%)	(27.6%)
Commercial income	(362.5)	(443.1)	(325.8)	22.2%	(26.5%)	(5.2%)
Total	**2,318.5**	**2,375.5**	**3,080.8**	**2.5%**	**29.7%**	**15.3%**

Source: management information

Cost of sales comprises of pharmacies and main warehouse cost which represents the cost of medicines and medical consumables and products placed in pharmacies and warehouses operated by the Company. This cost increased by 5.9% or by SAR 151.7 million in 2019G from SAR 2,552.8 million in 2018G to SAR 2,704.5 million in 2019G. This increase is in line with the increase in sales as the value of purchases and products acquired by the company increased in order to keep pace with the increase in sales. The cost of pharmacies and main warehouse further increased by 20.7%, or by SAR 558.8 million in 2020G from SAR 2,704.5 million in 2019G to SAR 3,263.3 million in 2020G. The increase was in line with the increase recorded in sales between 2019G and 2020G.

Wholesale cost mainly referred to sale of products made to wholesale customers. Wholesale costs declined in by 7.0% or by SAR 5.0 million in 2019G from SAR 71.7 million in 2018G to SAR 66.7 million in 2019G. It should be noted that the wholesale products sold in 2019G were associated with higher profit margin compared to products sold in 2018G. Wholesale costs increased by 29.2% or by SAR 19.5 million in 2020G from SAR 66.7 million in 2019G to SAR 86.2 million in 2020G which was largely in line with the higher sale of wholesale products.

Revaluation costs are costs associated with a control account used by the Company to amend moving average cost of supplies for the difference between the standard and actual price resulting from bulk purchases. Price and inventory differences mainly result from the difference in estimated prices mentioned in the purchase order by Management at the time of order and the actual purchase value of the order. It should be noted that the purchase orders raised by the company when purchasing inventory do not include the final actual price of the purchased goods, but rather include price estimates, while the invoices raised by suppliers include the actual prices of the goods paid by the Company. The differences between the actual prices and the estimated prices are recorded and reflected as revaluation costs. Revaluation costs increased by 27.5% or by SAR 10.3 million in 2019G from SAR 37.3 million in 2018G to SAR 47.6 million in 2019G . The cost declined by 8.1% or by SAR 3.8 million in 2020G to SAR 43.8 million in 2020G. The decline in 2020G was driven by improvements in the policies and controls established by the Company to manage and control the levels of cost incurred.

Damaged and expired costs are provisions created for imported products and for private-label products since damaged and expired products purchased from local suppliers can be returned without any cost to the Company. Damaged and expired costs declined by 38.8%, or by SAR 7.5 million in 2019G from SAR 19.4 million in 2018G to SAR 11.9 million 2019G. This decline in the costs was primarily driven by the improvements of inventory management controls implemented by the Company to manage damaged and expired inventory. Damaged and expired costs increased by 56.1% or by SAR 6.7 million to SAR 18.5 million in 2020G. The increase was primarily related to the increase in the volume of private label products which were imported by the Company to be sold in the Saudi market.

Free sample costs are related to costs of samples distributed by the Company that are associated with the private label products and the products for which the Company is the exclusive distributor. The value of these samples represents on average 3.0% of the value of wholesale sales recorded in the normal business course. The cost of free samples increased by 291.0%, or by SAR 2.3 million in 2019G from SAR 0.8 million in 2018G to SAR 3.1 million in 2019G to boost to the sales of private label products. Free samples costs declined by 52.1%, or by SAR 1.6 million SAR in 2020G, from SAR 3.1 million in 2019G to SAR 1.5 million in 2020G. The decline was mainly related to the decline in the volume of free samples that were distributed during the outbreak of the Covid-19 pandemic.

Right to returned goods costs are provisions created against refund liabilities that are related to the right of customers to return the products. The costs declined by 89.3%, or by SAR 2.7 million in 2019G from SAR 3.0 million in 2018G to SAR 0.3 million in 2019G.The Company recorded right to returned goods costs of SAR 0.7 million in 2020G. It should be noted that the value of right to returned goods costs fluctuates during the normal course of business and does not follow a specific trend, given that the movement of this account is related to the volume of returns, which is subject to continuous fluctuations during the year.

Expense for unplanned delivery mainly refers to the difference between estimated cost of freight and customs on imported products versus actual cost incurred. These costs do not follow any particular trend but rather fluctuate within the normal course of business.

Additional shipping costs are related to difference between estimated shipping and freight costs and actual costs incurred by the Company. These costs do not follow a specific pattern but rather fluctuate during the normal business course.

Non-movement stock costs are related to slow moving inventory detected as part of inventories stocked for a period exceeding one year. Provisions amounting to SAR 8.3 million were recorded in 2018G and a reversal of SAR 6.0 million was recorded in 2019G. The reversal of the provision expense was associated with a new policy adopted by the Company, which stipulated that slow-moving stocks placed in pharmacies with a low demand level should be transferred to pharmacies with a high demand level. The adoption of this policy has led to a decline in the quantities of slow-moving inventory, which resulted in the reversal of the provision in 2019G. No slow inventory costs were recorded in 2020G, as the Company did not record or reverse a provision related to slow moving or damaged inventory 2020G. It should be noted that the provision for slow moving inventory remained constant at SAR 15.6 million between 31 December 2019G and 31 December 2020G.

Discounts earned are early payment discounts provided by suppliers to the Company for making early or accelerated payments to those suppliers. Discounts earned declined by 25.6%, or by 3.3 million in 2019G from SAR 13.0 million in 2018G to SAR 9.7 million in 2019G, with a further decline of 29.5% or by SAR 2.9 million to SAR 6.8 million in 2020G. The gradual decline between 2018G and 2020G resulted from the decline in the level of discounts granted to the Company by suppliers.

Commercial income classified as part cost of sales is the miscellaneous income which the Company receives from suppliers in exchange for training doctors and pharmacy staff. Commercial income increased by 22.2%, or by SAR 80.6 million in 2019G from SAR 362.5 million in 2018G to SAR 443.1 million in 2019G, then declined by 26.5% or SAR 117.3 million to SAR 325.8 million in 2020G. The increase in 2019G was driven by additional proceeds obtained by the Company in return for distributing products to the Company's warehouses and pharmacies. It is worth noting that the distribution of goods between the main warehouse and pharmacies was considered one of the suppliers' key tasks until 2018G. However, in 2019G, the company assumed the task of distribution under the supervision and management of the logistics team, which led to increasing corresponding fees and costs charged to suppliers. The increase in commercial income in 2019G was also affected by training and education fees charged by the Company in connection to new products (nutritional supplements and other food products) that were presented in pharmacies and required staff training since pharmacists are required to provide guidance and advices to the users of these products.

6-6-11 Selling and distributions expenses

The following table shows the Company's selling and distribution expenses for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-13): Selling and distribution expenses

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Employees' cost	618.1	670.1	855.1	8.4%	27.6%	17.6%
Depreciation of right-of-use assets	163.7	161.7	166.0	(1.2%)	2.7%	0.7%
Depreciation of property and equipment	133.3	143.7	137.3	7.7%	(4.4%)	1.5%
Marketing, advertising and sales promotions	58.4	68.8	65.7	17.8%	(4.5%)	6.1%
Utilities	29.2	35.0	34.0	19.8%	(3.0%)	7.8%
Repair and maintenance	32.5	29.9	30.1	(8.1%)	0.8%	(3.7%)
Governmental fees	9.3	15.2	17.7	64.5%	15.9%	38.1%
Property and equipment write-off	4.8	7.8	10.9	65.0%	39.5%	51.7%
Travel and transportation	7.0	8.6	10.5	23.8%	21.4%	22.6%
Point of sale commissions	9.3	10.4	7.4	11.1%	(28.5%)	(10.9%)
Stationery and printing	2.8	3.5	5.0	25.8%	43.7%	34.5%
Cargo and packing	4.4	4.3	4.9	(1.2%)	14.5%	6.4%
Insurance	3.6	3.1	3.6	(15.8%)	18.2%	(0.3%)
IT services	-	1.3	1.8	-	43.2%	-
Gifts and free samples	0.5	0.7	1.0	30.8%	55.8%	42.8%
Short-term leases	0.7	1.0	0.9	43.4%	(16.1%)	9.7%
Allowance/(reversal) for expected credit loss	(3.4)	3.8	0.8	(212.2%)	(80.2%)	-
Car rent and expenses	0.5	0.4	0.5	(23.0%)	17.8%	(4.7%)
Others	17.9	26.5	28.0	48.5%	5.6%	25.2%
Total	**1,092.6**	**1,195.9**	**1,381.2**	**9.5%**	**15.5%**	**12.4%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Selling and distribution expenses were concentrated in three components: the cost of employees, depreciation of right-of-use assets and depreciation of property and equipment. These three components represented 83.8%, 81.6% and 83.9% of the total selling and distribution expenses during 2018, 2019G and 2020G respectively.

As mentioned earlier, the employees' cost includes the salaries and benefits associated with the staff responsible for managing the Company's pharmacies and warehouses. Employees' cost increased by 8.4%, or by SAR 52.0 million in 2019G, from SAR 618.1 million in 2018G to SAR 670.1 million in 2019G. The increase was primarily driven by the increase in the number of employees from 4,471 employees in 2018G to 4,863 employees in 2019G, after recruiting a number of new employees to keep pace with the increase in the Company's activities and manage the new pharmacies that opened in 2019G. The increase in employees' costs was also driven by the increase in commissions paid to company representatives who contributed to the increase in the volume of sales achieved in 2019G. Employees' cost increased by 27.6%, or by SAR 185.0 million in 2020G, from SAR 670.1 million in 2019G to SAR 855.1 million in 2020G. The increase was driven by the increase in the number of employees hired to keep pace with the increase in business activities in general. It should be noted that the company's new approach requires the appointment of more than one pharmacist within a single pharmacy (two or three pharmacists) in order to provide a better level of services.

Right-of-use assets depreciation charges are expenses associated with the pharmacies leased by the Company. These declined by 1.2% or by SAR 2.0 million in 2019G from SAR 163.7 million in 2018G to SAR 161.7 million in 2019G after closing a number of pharmacies between 2018G and 2019G (the number of closed pharmacies stood at 23 and 22 pharmacies in 2018G and 2019G, respectively) and amending the duration and the value of a number of contracts.

Despite opening several new pharmacies. the decline was related to the fact that most of the pharmacies which were opened in 2019G were opened in the second half of the year, while the pharmacies which were closed in the same year (2019G) were closed in the first half of the year, and the overall result was a decrease in the depreciation expenses of right-of-use assets. Right-of-use assets depreciation expenses increased by 2.7%, or by SAR 4.3 million in 2020G as a result of the increase in the number of pharmacies that opened during 2020G and which reached 40 pharmacies compared to the number of pharmacies which closed and which stood at 42 in 2020G.

Depreciation expense of property and equipment classified under selling and distribution expenses relates to the depreciation charge associated with assets used in pharmacies operated by the Company. It should be noted that these depreciation expenses are mainly related to the improvement and renovation exercises performed in these pharmacies. Depreciation expenses of property and equipment increased by 7.7%, or by SAR 10.3 million in 2019G, from SAR 133.3 million in 2018G to SAR 143.7 million in 2019G as a result of opening a number of new pharmacies, which led to an increase in the value of new assets used in these pharmacies. Depreciation of property and equipment expenses declined by 4.4% or by SAR 6.4 million to SAR 137.3 million in 2020G. The decline was primarily due to the write-off of assets and equipment that were placed in pharmacies which were closed during the same year.

Marketing, advertising, and sales promotion expenses include expenses related to marketing campaigns and promotions organized by the Company on a regular basis. These expenses increased by 17.8% or by SAR 10.4 million from SAR 58.4 million in 2018G to SAR 68.8 million in 2019G driven by the opening of several new pharmacies, which led to an increase in the volume of promotional activity related to these pharmacies. Marketing, advertising and sales promotion expenses declined by 4.5%, or SAR 1.3 million to SAR 65.7 million in 2020G. The decline in these expenses was related to the decline in the size, scope and number of promotional campaigns that the Company organized and participated in during the spread of the Covid-19 pandemic during 2020G.

Utilities expenses are water and electricity charges that are incurred in the Company's-operated pharmacies. These expenses increased by 19.8% or by SAR 5.8 million from SAR 29.2 million in 2018G to SAR 35.0 million in 2019G driven by the increase in the number of pharmacies operated by the Company between the 2018G and 2019G and the full scale operation of Al Sudair warehouse during the year 2019G. Utilities expenses declined by 3.0%, or by 1.0 million in 2020G, from SAR 35.0 million in 2019G to SAR 34.0 million in 2020G, due to the decline in the number of working hours in the Company's main warehouse during the spread of Covid-19 pandemic.

Repair and maintenance expenses are expenses incurred during the maintenance exercises carried out in pharmacies and warehouses. These expenses declined by 8.1% or by SAR 2.6 million in 2019G from SAR 32.5 million in 2018G to 29.9 million in 2019G due to the adoption of more stringent policies regarding expenses. Repair and maintenance expense did not witness any significant fluctuations between 2019G and 2020G, but an increase of 0.8%, or by SAR 0.2 million, from SAR 29.9 million to SAR 30.1 million between 2019G and 2020G. Government fees mainly include license and renewal fees, in addition to other related expenses. These expenses increased by 64.5% or by SAR 6.0 million from SAR 9.3 million in 2018G to SAR 15.2 million in 2019G, as the increase was related to the license issuance costs of the new pharmacies which were opened during 2019G. Government fees increased by 15.9% to SAR 17.7 million in 2020G. The increase was related to government fees incurred when issuing licenses for new pharmacies.

Property and equipment write-off expenses were related to write-offs of improvements associated with pharmacies that were closed between 2018G and 2019G. When a pharmacy is closed, improvement expenses associated with that pharmacy and which remained unamortized at the time of the pharmacy closure are written off. Property and equipment write-off expenses increased by 65.0% or by SAR 3.1 million in 2019G from SAR 4.8 million in 2018G to SAR 7.8 million in 2019G driven by the increase in the number of pharmacies that were closed during the period. Property and equipment write-off expense increased by 39.5% or by SAR 3.1 million to SAR 10.9 million in 2020G as a result of the increase in the number of pharmacies that were closed during 2020G.

Travel and transportation expenses include accommodation, travel and transportation expenses incurred during the business trips made by the marketing and sales team within the Kingdom of Saudi Arabia in order to monitor the performance of existing and new pharmacies. These expenses increased by 23.8% or by SAR 1.7 million from SAR 7.0 million in 2018G to SAR 8.6 million in 2019G as a result of the increase in the number of sales and marketing team employees and the increase in the number of trips made by the management team in order to supervise the opening of new pharmacies. Travel and transportation expenses increased by 21.4% or by SAR 1.8 million to SAR 10.5 million in 2020G. The increase was mainly driven by the increase in hotel accommodation expenses, as a number of supervisors and employees assigned to move between different cities within the Kingdom of Saudi Arabia have extended their stay in hotels due to the travel and movement restrictions imposed in 2020G post Covid-19 pandemic. This led to an increase in the costs of accommodation incurred by the Company in 2020G.

Point of sale commissions are related to fees paid by the Company in connection to transactions made using ATMs placed in pharmacies and other points of sale. These commissions increased by 11.1% or by SAR 1.0 million from SAR 9.3 million in 2018G to SAR 10.4 million in 2019G driven by the increase in the volume of sales and transactions carried-out between both years. These commissions declined by 28.5% or by SAR of 3.0 million to SAR 7.4 million in 2020G. The decline was affected by the banks' decision to exempt companies from point-of-sale fees and commissions for a period of six months during the year 2020G post the Covid-19 pandemic.

Stationery and printing expenses are related to the daily expenses incurred in the various pharmacies operated by the Company. These expenses increased by 25.8% or by SAR 0.7 million in 2019G from SAR 2.8 million in 2018G to SAR 3.5 million in 2019G. This increase was related to the new pharmacies that were opened during 2019G. Stationery and printing expenses increased by 43.7%, or by SAR 1.5 million, to SAR 5.0 million in 2020G, as a result of opening new pharmacies and incurring additional stationery and printing expenses.

Cargo and packing costs are the expenses of bags and cartons used to pack medicines and medical consumables sold to customers. Cargo and packing costs declined by 1.2%, or by SAR 0.1 million in 2019G from SAR 4.4 million in 2018G to SAR 4.3 million 2019G. Cargo and packing expenses increased by 14.5%, or by SAR 0.6 million in 2020G from SAR 4.3 million in 2019G to 4.9 million in 2020G. The increase was due to the use of sterilization and hygienic methods and special disposal bags for medicine packaging to reduce the risk of virus transmission during the outbreak of the Covid-19 pandemic.Insurance expenses relate to the insurance of vehicles used by the sales and distribution team and to the insurance of the company's inventory. These expenses declined by 15.8% or by SAR 0.6 million in 2019G from SAR 3.6 million in 2018G to SAR 3.1 million in 2019G following the sale of a number of cars during 2019G. Insurance expenses increased by 18.2% or by SAR 0.6 million to SAR 3.6 million in 2020G, as previously mentioned where the increase was linked to the additions made to cars in 2020G.

IT services expenses are expenses incurred during 2019G to improve the technical level of the company's website. These expenses increased by 43.2% or by SAR 0.5 million from SAR 1.3 million in 2019G to SAR 1.8 million in 2020G on account of improvement and development expenses incurred on the "Al-Dawaa Pharmacy" application used by the Company's clients.

Gift and free samples expenses represent expenses for gifts, donations, and free products that the Company distributes in the normal course of business. These expenses increased by 30.8%, or by SAR 0.2 million, from SAR 0.5 million 2018G to SAR 0.7 million 2019G.Gifts and free sample expenses increased by 55.8% or by SAR 0.3 million from SAR 0.7 million in 2019G to SAR 1.0 million in 2020G as a result of the increase in free samples associated with the company's private labelled products which sales increased its sales during 2020G.

Short-term leases contracts are associated with the Company's administrative offices. Short-term lease expenses increased by 43.4%, or by SAR 0.3 million in 2019G from SAR 0.7 million in 2018G to SAR 1.0 million in 2019G. The increase was associated with a number of offices (two offices) that were opened near Al Sudair Warehouse. It should be noted that the rents associated with these offices are not recorded or dealt with according to IFRS 16 "Lease Contracts" given that these offices are leased for periods less than one year. Rental expenses remained constant between 2019G and 2020G.

Allowance (reversal) for expected credit losses are associated with the trade receivables due from the Company's customers. The company reversed a provision of SAR 3.4 million in 2018G, while it recorded a provision of SAR 3.8 million and SAR 0.8 million in 2019G and 2020G. The aforementioned provision recorded by the company is related to the long-outstanding receivable balances, where the company evaluates annually the status of these balances to assess the pace of collection and detect any doubtful receivable balances, if any. It should be noted that the increase in the allowance for expected credit loss also reflects the management's keenness to form a provision that would cover any losses that the company may face in the future as a result of not collecting any balances.

Car rental related expenses are expenses related to cars leased by the Company's agents and supervisors who make trips between cities to monitor the operation of pharmacies. These expenses did not witness any material fluctuations between 2018G and 2020G. Car rental expenses declined by 23.0%, or SAR 0.1 million, from SAR 0.5 million in 2018G to SAR 0.4 million in 2019G, and further increased by 17.8%, or by SAR 0, 1 million to SAR 0.5 million in 2020G.

Other expenses are security expenses, telephone and mail expenses, engineering expenses, training expenses and entertainment expenses. These expenses increased by 48.5%, or by SAR 8.7 million, from SAR 17.9 million in 2018G to SAR 26.5 million in 2019G. The increase was related to the new pharmacies that were opened during 2019G. Other expenses recorded an additional increase of 5.6% or by SAR 1.5 million from SAR 26.5 million in 2019G to SAR 28.0 million in 2020G. The increase was mainly driven by the expansion of the work activity between 2019G and 2020G.

6-6-12 General and administrative expenses

The following table shows the Company's general and administrative expenses for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-14): general and administrative expenses

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Employees' cost	47.4	45.4	49.4	(4.3%)	8.9%	2.1%
IT services	15.1	15.2	23.7	0.6%	55.9%	25.2%
Gifts and donation	1.8	1.8	5.1	(0.9%)	183.0%	67.5%
Professional fees	4.5	6.4	4.4	42.4%	(31.7%)	(1.4%)
Short-term leases	6.8	5.0	4.2	(25.7%)	(16.1%)	(21.0%)
Amortization of software cost	3.3	4.4	3.9	35.2%	(12.0%)	9.1%
Depreciation of property and equipment	3.1	3.0	1.9	(3.7%)	(37.3%)	(22.3%)
Travel	1.1	2.1	0.9	82.0%	(53.7%)	(8.2%)
AlDawaa magazine and social responsibility	4.5	1.4	0.7	(68.2%)	(54.1%)	(61.8%)
Vehicles expenses	0.8	0.9	0.6	17.5%	(30.2%)	(9.4%)
Others	4.2	9.6	12.4	126.8%	28.6%	70.8%
Total	**92.6**	**95.2**	**107.1**	**2.8%**	**12.5%**	**7.6%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

General and administrative expenses were concentrated in employees' cost which represented 51.2%, 47.6% and 46.1% of the total general and administrative expenses in 2018G, 2019G and 2020G, respectively.

Employees' cost includes the salaries and benefits of the administrative staff who are distributed between the finance department, the legal affairs department, the human resources department and the general administration function. Employees' costs decreased by 4.3%, or by an amount of SAR 2.0 million, from SAR 47.4 million during the year 2018G to SAR 45.4 million in the year 2019G. The aforementioned decrease was associated with a decrease in the number of administrative employees from 178 employees to 144 employees between the two mentioned years. The aforementioned decrease in the number of administrative staff resulted from the transfer of a number of support services staff to the pharmacy management sites. The cost of employees increased by 8.9%, or by an amount of SAR 4.0 million, from SAR 45.4 million in 2019G to SAR 49.4 million in 2020G. The aforementioned rise was affected by several factors: the first factor is the bonuses granted to the company's employees, which constituted 50% of a one month basic salary for employees as a reward for their efforts which allowed the Company to record promising results and led to an increase in revenue and business activity levels despite the spread of the Covid-19 pandemic.

IT services expenses are expenses paid mainly to Digital Business System Company (an affiliate to the Company). This affiliate provides information technology services to the company based on a contract formulated between the two parties. The aforementioned expenses amounted to SAR 15.1 million and SAR 15.2 million in 2018G and 2019G, respectively. IT services expenses increased by 55.9%, or by SAR 8.5 million, from SAR 15.2 million in 2019G to SAR 23.7 million in 2020G. The increase was driven by the process of reviewing the contract with the Digital Business System Company, which led to an increase in the monthly fees paid to this company from SAR 1.1 million to SAR 1.5 million.

Gifts and donations include gifts and donations granted by the Company to customers in the normal business course. These donations and gifts include car raffles and other gifts during the holiday seasons. These expenses did not witness any fluctuations between 2018G and 2019G. Expenses for gifts and donations increased by 183.0% or by SAR 3.3 million from SAR 1.8 million in 2019G to SAR 5.1 million in 2020G as a result of the company donating a number of equipment, machines and medical supplies to the Ministry of Health to support the Ministry's efforts to combat the spread of Covid-19 epidemic.

Professional fees include audit expenses, legal studies expenses, consulting expenses, as well as expenses associated with the enterprise resource planning (SAP) system. These expenses increased by 42.4%, or by SAR 1.9 million from SAR 4.5 million in 2018G to SAR 6.4 million in 2019G as a result of incurring consulting expenses related to capital evaluation studies conducted by an external consultant in 2019G. These studies were completed at the end 2019G, which led to a decline in professional fees by 31.7%, or by SAR 2.0 million to SAR 4.4 million in 2020G.

Short-term leases include the rent expense associated with head office and other offices leased and occupied by the administrative teams of the Company. These declined by 25.7%, or by SAR 1.8 million, from SAR 6.8 million in 2018G to SAR 5.0 million in 2019G due to the fact that the Company reviewed the lease contracts which resulted in lease reductions following negotiations carried-out with the owners of the leased premises. Short-term lease expenses increased by 16.1%, or by SAR 0.8 million, from SAR 5.0 million in 2019G to SAR 4.2 million in 2020G after the termination of two lease contracts for two offices which were previously occupied by the Company.

Amortization of software costs are related to the amortization of the enterprise resource planning system (SAP). These expenses increased by 35.2% or by SAR 1.1 million from SAR 3.3 million in 2018G to SAR 4.4 million in 2019G as a result of additions made to software assets, which amounted to SAR 0.3 million during 2019. The increases were related to new licenses associated with the Trend Micro cyber security license and program and which were purchased during 2019G with the aim of improving the level of software work. Amortization costs declined by 12.0%, or by SAR 0.5 million, from SAR 4.4 million in 2019G to SAR 3.9 million in 2020G as a result of additions made to the software. These additions were mainly part of improvements performed on a number of applications and software.

Depreciation of property and equipment expense (classified under general and administrative expenses) includes depreciation expense of vehicles, furniture, furnishings, tools, equipment, air conditioning and improvements. Depreciation expenses did not witness significant movement between 2018G and 2019G. The decline in these expenses, which amounted to SAR 0.1 million, was related to the sale of a number of fully depreciated cars. Depreciation of property and equipment expenses declined by 37.3% or by SAR 1.1 million from SAR3.0 million in 2019G to SAR 1.9 million in 2020G due to write-offs associated with a number of office equipment and air-conditioning equipment located in the administrative offices.

Travel expenses include airfare, transportation and accommodation expenses incurred during business trips undertaken by administrative staff. These expenses increased by 82.0% or by SAR 1.0 million from SAR 1.1 million in 2018G to SAR 2.1 million in 2019G as a result of the increase in the number of business trips undertaken by a number of administrative staff to keep pace with and monitor the work in the newly opened pharmacies. Travel expense declined by 53.7%, or by SAR 1.1 million, from SAR 2.1 million in 2019G to SAR 0.9 million in 2020G due to the decrease in the frequency of trips following the spread of the Covid-19 pandemic during 2020G.

Magazine and social responsibility costs declined by 68.2% between 2018G and 2019G or by SAR 3.1 million from SAR 4.5 million in 2018G to SAR 1.4 million in 2019G as the Company did not issue any magazine during the year. Rather, only a number of publications were issued and expenses recorded were only associated with conferences, events and sponsorship costs incurred to support activities organized by the Ministry of Health and a number of clients. These expenses further declined by SAR 54.1% or by SAR 0.7 million to SAR 0.7 million in 2020G due to the reclassification of some of these expenses as part of donations.

Vehicle expenses include expenses for fuel, maintenance, insurance and repairs associated with vehicles that the Company leases for the use of the management team. These expenses increased by 17.5% or by SAR 0.1 million from SAR 0.8 million in 2018G to SAR 0.9 million in 2019G. This increase falls within the normal course of business. Vehicle expenses declined back by 30.2% or by SAR 0.3 million, to SAR 0.6 million in 2020G due to the decline in transportation and roaming scale following the restrictions imposed during the Covid-19 pandemic.

Other expenses include miscellaneous expenses such as licensing fees, chamber of commerce expenses, office expenses, hospitality and cleaning expenses, various subscription expenses and various other expenses. Other expenses increased by 126.8% or by SAR 5.4 million from SAR 4.2 million in 2018G to SAR 9.6 million in 2019G. The increase was associated with expenses incurred to transfer the CRs (commercial registration) of pharmacies which the Company had leased to the name of the Company. Other expenses further increased by 28.6% or by SAR 2.8 million from SAR 9.6 million in 2019G to SAR 12.4 million in 2020G where the Company has incurred additional IT expenses which were paid to an external company to improve the quality of the internet network and facilitate the process of working remotely during the pandemic period.

6-6-13 Fair value loss on swap derivatives liabilities

Fair value loss on swap derivatives liabilities is related to foreign currency derivative swap contracts (US dollars) and interest rate swap contracts entered by the Company. Fair value loss on swap derivative liabilities increased from SAR 5.7 million in 2018G to SAR 15.6 million in 2019G due to the fluctuation in interest rate. The Company recorded additional unrealized loss of SAR 94.9 million in 2020G where the loss was associated with the decline in LIBOR following the outbreak of Covid-19.

6-6-14 Finance costs

The following table shows the Company's finance costs for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-15): Finance costs

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Interest on borrowings and bank overdrafts	32.5	32.3	28.9	(0.7%)	(10.6%)	(5.8%)
Interest on lease liabilities	31.2	30.4	28.3	(2.3%)	(6.9%)	(4.6%)
Interest cost on employees' terminal benefits	3.5	3.1	3.1	(10.1%)	(3.0%)	(6.6%)
Total	**67.2**	**65.9**	**60.3**	**(1.9%)**	**(8.5%)**	**(5.3%)**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Finance costs incurred between 2018G and 2020G are mainly concentrated in interests and costs associated with loans obtained by the Company and the interests related to the various lease contracts entered by the company. Both components constituted 94.8%, 95.2% and 94.9% of the total finance costs in 2018G, 2019G and 2020G, respectively.

Interest on borrowings and bank overdrafts are associated with the loans that the company obtained between 2018G and 2020G. The company acquired several types of loans and facilities from several banks to support working capital requirements. Interest on borrowings and bank overdrafts did not witness any significant fluctuation between 2018G and 2019G. Interest on borrowings and bank overdrafts decreased by 10.6% to SAR 28.9 million in 2020G. This was mainly associated with the Company's improved ability to manage loans and postpone a number of loan installments particularly that the banks showed readiness to support companies during the spread of the Covid-19 pandemic.

The Company had adopted IFRS 16 "Lease contract" as part of the transition for the adoption of IFRS as endorsed in by SOCPA. IFRS 16 - Leases standards requires the present value of the applicable lease arrangement and the corresponding liabilities to be recognized on the balance sheet. Interest on lease liabilities represented accretion of interest each year following the commencement of leases.The interest on lease liabilities declined by 2.3%, or by SAR 0.8 million, from SAR 31.2 million in 2018G to SAR 30.4 million in 2019G with an additional decline by 6.9% to SAR 28.3 million in 2020G. The decline was primarily due from the closure of a number of pharmacies between 2018G and 2020G. The number of pharmacies that closed during the period stood at to 23, 22 and 42 pharmacies in 2018G, 2019G and 2020G, respectively.

Interest cost on employees' terminal benefits is calculated using the projected unit credit method as stipulated by IAS 19. Interest cost on employees' terminal benefits represented the change in the present value of defined benefit obligation resulting from the time elapsed from the previous valuation date. Interest cost on employees' terminal benefits amounted to SAR 3.5 million in 2018G, then declined by 3.0%, or SAR 0.4 million to SAR 3.1 million in 2019G. This cost remained constant at SAR 3.1 million between 2018G and 2019G.

6-6-15 Other income

The following table shows the Company's other income for the financial years ending 31 December 2018G, 2019G, and 2020G.

Table (6-16): other income

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Gain from foreign currencies exchange	2.7	8.6	7.1	222.9%	(17.5%)	63.2%
Loss on foreign currencies exchange	-	(0.6)	(3.3)	-	479.8%	-
Dividend income from equity instruments	-	-	3.3	-	-	-
Recovery of govt. charges in relation to employees	-	4.4	-	-	(100.0%)	-

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	2019G	2020G	2018G – 2020G
Reversal of liabilities no longer required	-	3.7	-	-	(100.0%)	-
Admin services	2.4	2.7	2.7	15.5%	(1.0%)	6.9%
Income from human resource development fund	-	2.1	4.5	-	112.0%	-
Gain on disposal of property and equipment	0.2	1.7	0.6	936.9%	(61.7%)	99.3%
Lab testing	1.3	1.4	1.8	8.5%	23.1%	15.6%
Recovering bad debts previously written off	0.4	1.1	-	164.7%	(100.0%)	(100.0%)
Insurance claim settlement	0.1	0.6	0.5	313.2%	(22.8%)	78.6%
Gain / (loss) on disposal of right-of-use assets	-	(1.1)	2.4	-	(320.0%)	-
Others, net	1.9	4.9	3.8	159.9%	(22.6%)	41.9%
Total	**9.0**	**29.6**	**23.4**	**229.9%**	**(20.9%)**	**61.5%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Other income includes miscellaneous income related to various income sources during the normal business. Typically, this income is associated with activities that are not closely related to the company's core business and activities.

Gain from foreign currencies exchange is associated with contracts which the Company secured to hedge against fluctuations in interest rates. These gains increased by 222.9%, or SAR 6.0 million in 2019G from SAR 2.7 million in 2018G to SAR 8.6 million in 2019G. Gain from foreign currencies exchange declined by 17.5%, or SAR 1.5 million in 2020G from SAR 8.6 million in 2019G to SAR 7.1 million in 2020G. It should be noted that the value of these gains fluctuates during the normal business course in line with the interest rate fluctuation.

Income from Human Resources Development Fund includes incentives obtained by the company to support the training requirements of the Saudi employees. Similar income was not recorded in 2018G, as the Company did not submit some of the required documents required to obtain this support. The income increased by 112.0%, or by SAR 2.4 million 2020G from SAR 2.1 million in 2019G to SAR 4.5 million in 2020G as a result of the increase in the number of the company's employees and the collection of additional income related to previous years after submitting the required documents and papers during that year.

Dividend income from equity instruments classified at fair value through other comprehensive income which were recorded in 2020G and amounted to SAR 3.3 million are related to investments in equity shares of companies listed in the Saudi stock market. As mentioned previously, the listed companies in which the company has invested in the Saudi Arabian Oil Company ("Saudi Aramco") and the Saudi Company for Pharmaceutical Industries and Medical Appliances ("SPIMACO Pharmaceutical").

Administrative services income is related to administrative services which the Company provides to the Digital Business Systems Company (an affiliate company). This income did not witness any material fluctuations during the period between 2018G and 2020G. These services included human resource management services and daily finance and accounting tasks. Administrative services income increased by 15.5% or by SAR 0.4 million from SAR 2.4 million in 2018G to SAR 2.7 million in 2019G and remained constant in 2020G as a result of the increase in the scale of services provided by the Company to the affiliate company. It should be noted that the scope/ scale of the aforementioned services fluctuates within the course of work and does not follow a specific trend.

Gain / (loss) on disposal of right-of-use assets are gains and losses related to the assets of pharmacies that were closed between 2018G and 2019G. The differences between the capital lease liabilities and right-of-use assets associated with closed pharmacies are recognized as a loss in the income statement. The loss recorded by the Company, which amounted to SAR 1.1 million in 2019G, turned into a profit of SAR 2.4 million in 2020G. The gain was related to pharmacies that closed in the year 2020G, so that the right-of-use assets associated with these pharmacies were higher than the corresponding lease liability liabilities of these pharmacies.

Gains and losses on derecognition due to termination of leases are gains and losses associated with the ROU assets of pharmacies which were closed between 2018G and 2019G.The difference between the lease liability and the Right of Use assets associated with the closed pharmacies were reflected as a loss in the income statement. Losses recorded by the Company and amounting to SAR 1.1 million in 2019G turned into a gain of SAR 2.4 million in 2020G. The aforementioned gain was associated with the pharmacies which were closed in 2020G where the Right of Use associated with these pharmacies were higher than the corresponding liabilities.

Lab testing income are related to medical machines in pharmacies that are used by customers to perform some tests and measurements, including weight tests, height tests and blood pressure tests. Lab testing income increased from SAR 1.3 million in 2018G to SAR 1.4 million in 2019G with a further increase to SAR 1.8 million in 2020G. The increases were related to the increase in the volume of activity and the general increase in revenue.

Gains on disposal of property and equipment were generated from the sale of fully depreciated vehicles between 2018G and 2020G. These vehicles belong to employees of pharmacies that closed between both years. These gains fluctuate annually and are driven by the number and value of vehicles or property and equipment sold. Gains on disposal of property and equipment increased by SAR 1.5 million from SAR 0.2 million in 2018G to SAR 1.7 million in 2019G. Gains on disposal of property and equipment declined back by SAR 1.1 million to SAR 0.6 million in 2020G. It should be noted that these gains do not follow a specific trend, but rather fluctuate regularly and is driven by the number of cars or assets sold during the period.

Insurance claim settlement represents compensations obtained by the Company and was related to various theft incidents which were recorded in a number of pharmacies and a number of different car accidents which were recorded during the normal course of business. Insurance claim settlements fluctuated between 2018G and 2020G. These increased by 313.2% or SAR 0.5 million from SAR 0.1 million in 2018G to SAR 0.6 million in 2019G and declined to SAR 0.5 million in 2020G. Insurance claim settlements fluctuate in the normal course of business and are affected by the number of accidents (vehicle accidents and thefts) that are recorded during the year.

Loss on foreign currencies exchange transactions were related to foreign currency fluctuations against the Saudi Riyal. Loss on foreign currencies exchanges increased by 479.8% or by SAR 2.7 million in 2020G from SAR 0.6 million in 2019G to SAR 3.3 million in 2020G due to the Euro exchange rates fluctuation.

Recovery of bad debts previously written off mainly relate to bad debts recovered from wholesale customers. These are debts that have been classified as unrecoverable debts. The company filed a number of lawsuits against these clients, which led to the partial collection of these debts and was recorded as income from recovery of bad debts previously written off. Income from recovery of bad debts previously written off amounted to SAR 0.4 million in 2018G and SAR 1.1 million in 2019G. No income was recorded in 2020G. It should be noted that such income does not follow a specific trend and is not directly affected by the movement of sales, but is linked to several factors, including the value of bad debts that were written off in previous periods and the percentage of these debts that the company is able to recover.

Income from recovery of government charges in relation to employees which amounted to SAR 4.4 million in 2018G represents reimbursements for amounts previously paid by the company to the Ministry of Human Resources. The payments were related to residence and work permit expenses that the company had paid in previous years when recruiting foreign employees. It should be noted that these reimbursements were paid to the companies that achieved the required levels of Saudization and more specifically the platinum level.

Reversal of liabilities no longer required which amounted to SAR 3.7 million in 2018G are amounts owed to a number of suppliers whom the Company dealt with and had supplied the Company with medicines and various consumables. The obligations were reversed since the Company obtained discounts after shipments were delayed by the suppliers which allowed the Company to secure these discounts.

Other income comprises of miscellaneous income that includes, for example, differences in pharmacy accounts and income generated from the sale of unused boxes and cartons. Other income increased by 159.9% or by SAR 3.0 million from SAR 1.9 million in 2018G to SAR 4.9 million in 2019G driven by the sales of some wooden panels which were placed in Al Sudair warehouse. Other income declined by 22.6% or by SAR 1.1 million from SAR 4.9 million in 2019G to SAR 3.8 million in 2020G due to the decline in differences in pharmacy accounts during 2020G.

6-6-16 Zakat

The Zakat base is calculated based on the company's understanding of the zakat regulations enforceable in the Kingdom of Saudi Arabia. The Zakat regulations in Saudi Arabia are subject to varying interpretations. The assessments issued by the zakat, tax and customs authority may deviate from the declarations submitted by the company.

Zakat expenses increased by 730.8%, or SAR 9.5 million in 2019G from SAR 1.3 million in 2018G to SAR 10.8 million in 2019G.The low Zakat expenses in 2018G were related to previous years' adjustments that the Company recorded. Zakat expenses increased by 36.1%, or by 3.8 million, from SAR 10.8 million in 2019G to 14.7 million in 2020G. The increase was in line with the increase in sales between 2019G and 2020G.

6-6-17 Net profit

The net profit increased by 2.1% or by SAR 4.9 million in 2019G from SAR 228.3 million in 2018G to SAR 233.2 million in 2019G. The increase was primarily driven by the increase in sales and other income between 2018G and 2019G. Net profit further increased by 5.7% or by SAR 13.3 million in 2020G from SAR 233.2 million in 2019G to SAR 246.4 million in 2020G. The increase in net profit was mainly driven by the increase in sales recorded by the company between 2019G and 2020G.

6-7 Statement of financial position

The following table shows the statement of financial position as at 31 December 2018G, 2019G, and 2020G.

Table (6-17): statement of financial position

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Assets						
Non-current assets	1,359.9	1,442.5	1,651.0	6.1%	14.5%	10.2%
Current assets	1,649.1	1,696.6	1,893.5	2.9%	11.6%	7.2%
Total assets	**3,009.1**	**3,139.1**	**3,544.5**	**4.3%**	**12.9%**	**8.5%**
Liabilities						
Non-current liabilities	661.9	650.1	680.1	(1.8%)	4.6%	1.4%
Current liabilities	1,483.9	1,519.7	1,751.6	2.4%	15.3%	8.6%
Total liabilities	**2,145.8**	**2,169.8**	**2,431.7**	**1.1%**	**12.1%**	**13.3%**
Equity						
Total equity	**863.2**	**969.4**	**1,112.9**	**12.3%**	**14.8%**	**13.5%**
Total liabilities and equity	**3,009.1**	**3,139.1**	**3,544.5**	**4.3%**	**12.9%**	**8.5%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Total assets further increased by 4.3%, or by SAR 130.1 million, from SAR 3,009.1 million as at 31 December 2018G to SAR 3,139.1 million as at 31 December 2019G, driven by an increase in non-current assets by 6.1% or SAR 82.6 million from SAR 1,359.9 million as at 31 December 2018G to SAR 1,442.5 million as at 31 December 2019G. This increase was also driven by an increase in current assets by 2.9%, or by SAR 47.5 million Saudi Riyals, from SAR 1,649.1 million as at 31 December 2018G to SAR 1,696.6 million as at 31 December 2019G.

Total assets further increased by 12.9%, or by SAR 405.4 million, from SAR 3,139.1 million as at 31 December 2019G to SAR 3,544.5 million as at 31 December 2020G driven by an increase in current assets and an increase in non-current assets. Non-current assets increased by 14.5% or by SAR 208.5 million from SAR 1,442.5 million as at 31 December 2019G to SAR 1,651.0 million as at 31 December 2020G, while current assets increased by 11 6%, or by SAR 196.9 million, as at 31 December 2020G.

Total equity increased by 12.3% or by SAR 106.2 million, from SAR 863.2 million as at 31 December 2018G to SAR 969.4 million as at 31 December 2019G. The increase during the period was driven by the increase in retained earnings. Total equity further increased by 14.8%, or SAR 143.5 million, from SAR 969.4 million as at 31 December 2019G to SAR 1,112.8 million as at 31 December 2020. The increase was driven by the increase in retained earnings and gains on equity instruments at fair value through other comprehensive income.

Total liabilities increased by 1.1% or by SAR 23.9 million from SAR 2,145.8 million as at 31 December 2018G to SAR 2,169.8 million as at 31 December 2019G. The increase in current and non-current liabilities. Non-current liabilities decreased by 1.8%, or by SAR 11.8 million, from SAR 661.9 million on 31 December 2018G to SAR 650.1 million on 31 December 2019G. On the other hand, current liabilities increased by 2.4%, or SAR 35.7 million from SAR 1,483.9 million as at 31 December 2018G to SAR 1,519.7 million as at 31 December 2019G. The balance of total liabilities further increased by 12.1% or by an amount of SAR 261.9 million as at 31 December 2019G as a result of an increase in current liabilities by 15.3% or by SAR 232.0 million from SAR 1,519.7 million as at 31 December 2019G to SAR 1,751.5 million as at 31 December 2020G.

6-7-1 Non-current assets

The following table shows the non-current assets as at 31 December 2018G, 2019G, and 2020G.

Table (6-18): non-current assets

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Property & Equipment	602.6	603.5	658.0	0.1%	9.0%	4.5%
Right-of-use assets	742.8	721.5	756.3	(2.9%)	4.8%	0.9%
Software cost	14.3	12.9	19.2	(9.9%)	49.7%	16.1%
Investment in unconsolidated subsidiaries	0.2	0.2	0.2	-	-	-
Equity instruments at FV through other comprehensive income	-	104.5	217.2	-	107.9%	-
Total non-current assets	**1,359.9**	**1,442.5**	**1,651.0**	**6.1%**	**14.5%**	**10.2%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Non-current assets consisted mainly of property and equipment and right-of-use assets, where both components constituted 98.9%, 91.9% and 85.7% of the total non-current assets.

Non-current assets increased by 6.1% or by SAR 82.6 million from SAR 1,359.9 million as of 31 December 2018G to SAR 1,442.5 million as at 31 December 2019G where the increase was driven by higher equity instruments at fair value through other comprehensive income, which amounted to SAR 104.5 million as of 31 December 2019G. Equity instruments carried at fair value through other comprehensive income include investments in equity shares of companies listed on the Saudi Stock Exchange. These investments are ultimately designated at fair value through other comprehensive income as the Company considers these investments to be of a strategic nature. Between 31 December 2019G and 31 December 2020G, non-current assets increased by 14.5%, or by SAR 208.5 million from SAR 1,442.5 million as at 31 December 2019G to SAR 1,651.0 million as at 31 December 2020G as a result of an increase in the value of financial instruments recognized at fair value through other comprehensive income.

a) Property and equipment

The following table shows the property and equipment as at 31 December 2018G, 2019G, and 2020G.

Table (6-19): property and equipment

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Land	34.5	34.5	37.1	-	7.5%	3.7%
Leasehold improvements	217.0	186.1	188.5	(14.2%)	1.3%	(6.8%)
Motor vehicles and distribution vans	26.2	21.1	31.5	(19.3%)	49.1%	9.7%
Furniture and fixtures	68.7	72.2	81.7	5.0%	13.2%	9.0%
Office equipment	17.4	19.8	27.3	13.5%	38.1%	25.2%
Building	211.7	198.7	185.4	(6.1%)	(6.7%)	(6.4%)
Tools and airconditioners	20.6	18.8	20.9	(8.7%)	11.1%	0.7%
CWIP	6.5	52.3	85.6	706.2%	63.7%	263.3%
Total	**602.6**	**603.5**	**658.0**	**0.1%**	**9.0%**	**4.5%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Leasehold improvements and buildings were the key components of property and equipment between 31 December 2018G and 31 December 2020G. Both components represented 71.1%, 63.8% and 56.8% of the total net book value of property and equipment as at 31 December 2018G, 2019G and 2020G, respectively.

Land mainly includes two lands in Dammam, one land in Hafir Al Batin and one land in Al Khobar.

Leasehold improvements were mainly related to costs incurred on pharmacies. These also include minor costs associated with improvement work performed in warehouses and offices.

Motor vehicles and distribution vans are mainly used for transportation and shipment of goods and products.

Furniture and fixtures are mainly used in the head office, administrative offices and pharmacies

Office equipment mainly included computers, printers and related supplies placed in the head office and the other administrative offices.

Buildings mainly represent the building of Al Sudair warehouse considered to be the Company's key warehouse.

Tools mainly refer to shelves used in pharmacies to display products. On the other hand, air conditioners are mainly used in pharmacies and warehouses.

Capital work in progress mainly represents costs associated with new pharmacies being opened and which did not start operations during 2018G – 2020G

The net book value of property and equipment did not witness any significant fluctuation during the period between 31 December 2018G and 31 December 2020G. Net book value of property and equipment witnessed an increase by 0.1% or by SAR 0.9 million from SAR 602.6 million as at 31 December 2018G to SAR 603.5 million as at 31 December 2019G with a further increase by 9.0 % or by SAR 54.5 million as at 31 December 2020G. The increase was driven by the increase in capital work in progress following the increase in the number of pharmacies planned to be opened.

b) Right-of-use assets

The following table shows the right-of-use assets as at 31 December 2018G, 2019G, and 2020G.

Table (6-20): right-of-use assets

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
As at 1 January	776.7	726.9	733.2	(6.4%)	0.9%	(2.8%)
Additions	113.0	135.0	192.6	19.4%	42.7%	30.5%
Modifications	(3.9)	52.1	62.2	(1,431.2%)	19.4%	-
Disposal	-	(49.4)	(60.7)	-	23.1%	-
Accretion of interest	31.2	30.4	28.3	(2.3%)	(6.9%)	(4.6%)
Payments	(190.1)	(161.8)	(191.0)	(14.9%)	18.0%	0.2%
At 31 December	**726.9**	**733.2**	**764.6**	**0.9%**	**4.3%**	**2.6%**
Current	147.1	172.7	188.6	17.3%	9.2%	13.2%
Non-current	579.7	560.5	576.0	(3.3%)	2.8%	(0.3%)
Total	**726.9**	**733.2**	**764.6**	**0.9%**	**4.3%**	**2.6%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Right-of-use assets are associated with lease contracts of a number of real estate properties and buildings owned by the Company and used in daily operations. The lease terms for real estate leases generally range from 2 to 19 years, while the lease terms for land leases range from 12 to 16 years.

The Company adopted IFRS 16 "Leases" for the recording of all the lease arrangements, except for leases with a term of less than 12 months and low value lease arrangements.

In general, the additions to the right of use assets were related to new pharmacies sites which the Company leased between 2018G and 2019G. It should be noted that the additions mentioned in 2019G included additions related to two new warehouses in Jeddah and Abha regions, in addition to a new office leased in the Abha region. Additions in 2020G amounted to SAR 192.6 million. The additions were related to buildings and shops leased by the company for the new pharmacies, in addition to new warehouses which the company also rented.

c) Intangible assets

The following table shows the intangible assets as at 31 December 2018G, 2019G, and 2020G.

Table (6-21): intangible assets

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Cost						
At the beginning of the year	14.8	24.7	27.8	67.4%	12.1%	37.0%
Additions	8.8	3.0	10.3	(65.7%)	242.3%	8.4%
Transfers from property and equipment	1.2	-	-	(100.0%)	-	(100.0%)
At the end of the year	24.7	27.8	38.0	12.1%	37.0%	24.0%
Accumulated amortization:						
At the beginning of the year	7.2	10.5	14.9	45.3%	42.2%	43.7%
Charge for the year	3.3	4.4	3.9	35.2%	(12.0%)	9.1%
At the end of the year	10.5	14.9	18.8	42.2%	26.1%	33.9%
Net book value	**14.3**	**12.9**	**19.2**	**(9.9%)**	**49.7%**	**16.1%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

These mainly represented purchase cost of the SAP software which was originally acquired in 2013G as well as the cost of the software originally acquired in 2015G.

Intangible assets also include the cost of a number of licenses which were acquired to upgrade the performance of the IT function and the overall IT infrastructure in the Company

Additions made to intangible assets during 2018G included cost incurred to initiate the Company's website and the cost of a number of licenses used for more proactive IT management.

Additions made to intangible assets during 2019G included the renewal costs of a number of licenses in relation to cyber security.

The net book value of intangible assets increased by 49.7% or by SAR 6.4 million from SAR 12.9 million as at 31 December 2019G to SAR 19.2 million as at 31 December 2020G. The additions were associated with the upgrading of the (SAP) system and improvements in other applications.

Investment in unconsolidated subsidiaries

Investments in unconsolidated subsidiaries represent the Company's 100% shareholding in Rönzac and Höllinz. Both companies are subsidiaries registered in Germany and engaged in granting licenses of pharmaceutical products, consumer goods and food products.

The aforementioned investments were recorded at cost as the subsidiaries have not yet commenced operations and Management informed that the respective shares in net results of the subsidiaries for 2020G was not material to the financial statements. As a result, no consolidation was performed

d) Equity investments at fair value through OCI

The following table shows the equity investments at fair value through OCI as at 31 December 2018G, 2019G, and 2020G.

Table (6-22): Equity investments at fair value through OCI

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Balance 1 January	-	-	104.5	-	-	-
Purchases	-	97.0	67.9	-	(30.0%)	-
Remeasurement recognized in OCI	-	7.4	44.9	-	502.8%	-
Balance at 31 December	**-**	**104.5**	**217.2**	**-**	**107.9%**	**-**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Equity instruments carried at fair value through other comprehensive income include investments in equity shares of companies listed on the Saudi Stock Exchange. These investments are ultimately designated at fair value through other comprehensive income as the Company considers these investments to be of a strategic nature. The fair value is computed on the basis of prices listed in an official listing market (the Saudi Stock Exchange ("**Tadawul**")) at the date of the financial statements. The listed companies in which the Company has bought shares are the Saudi Arabian Oil Company ("**Saudi Aramco**") and the Saudi Company for Pharmaceutical Industries and Medical Appliances ("**SPIMACO Pharmaceutical**"). The value of these equity investments increased by 107.9% or by SAR 112.8 million from SAR 104.5 million as at 31 December 2019G to SAR 217.2 million as at 31 December 2020G driven by additional investments acquired in the aforementioned companies in addition to the increase in the value of these investments.

6-7-2 Current assets

The following table shows the current assets as at 31 December 2018G, 2019G, and 2020G.

Table (6-23): Current assets

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Inventories	1,304.9	1,291.8	1,323.8	(1.0%)	2.5%	0.7%
Accounts receivable and prepayments	234.5	317.2	529.9	35.2%	67.1%	50.3%
Amounts due from related parties	0.8	1.6	0.1	112.0%	(93.5%)	(62.3%)
Right to returned asset	1.2	0.9	1.6	(25.6%)	75.8%	14.3%
Bank balances and cash	107.7	85.0	38.1	(21.0%)	(55.2%)	(40.5%)
Total current assets	**1,649.1**	**1,696.6**	**1,893.5**	**2.9%**	**11.6%**	**7.2%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Current assets are concentrated in inventories, which represented 79.1%, 76.1% and 69.9% of total current assets as at 31 December 2018G, 2019G and 2020G, respectively.

Current assets increased by 2.9%, or SAR 47.5 million from SAR 1,649.1 million as at 31 December 2018G to SAR 1,696.6 million as at 31 December 2019G.

Current assets further increased by 11.6% or by SAR 196.9 million from SAR 1,696.6 million as at 31 December 2019G to SAR 1,893.5 million as 31 December 2020G. The increase was driven by the increase in inventory and accounts receivable and prepayments balances.

6-7-3 Inventory

The following table shows the inventory as at 31 December 2018G, 2019G, and 2020G.

Table (6-24): inventory

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Inventories relating to pharmacies	1,257.8	1,286.8	1,315.4	2.3%	2.2%	2.3%
Inventories relating to distribution	68.8	20.6	24.0	(70.0%)	16.7%	(40.9%)
Total	1,326.5	1,307.4	1,339.4	(1.4%)	2.4%	0.5%
Less: allowance for slow moving inventory items	(21.6)	(15.6)	(15.6)	(27.8%)	-	(15.0%)
Total	**1,304.9**	**1,291.8**	**1,323.8**	**(1.0%)**	**2.5%**	**0.7%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Overall, the gross inventories balance declined by 1.4% or by SAR 19.1 million from SAR 1,326.5 million as at 31 December 2018G to SAR 1,307.4 million as at 31 December 2019G mainly due to lower distribution inventories which declined by 70.0% or by SAR 48.2 million from SAR 68.8 million as at 31 December 2018G to SAR 20.6 million as at 31 December 2019G. Decline in the distribution related inventories was mainly attributed to the decline in volume of medical supplies acquired between 2018G and 2019G since contracts with a number of medical suppliers or agents were not renewed. These contracts were not renewed because these suppliers did not agree on offering lower prices and flexible payment terms.

Inventory related to distribution increased by 16.7%, or by SAR 3.4 million from SAR 20.6 million as at 31 December 2019G to SAR 24.0 million as at 31 December 2020G. The increase was mainly driven by the increase in the volume of private labeled products which the company brought to sell in the Saudi market.

Pharmacies inventories increased by 2.3% or by 29.1 million from SAR 1,257.8m as at 31 December 2018G to SAR 1,286.8.7 million as at 31 December 2019G. The increase was driven by higher purchases made by the Company to cope with the higher demand and business activity.

Pharmacies inventories increased by 2.2% or by SAR 28.5 million from SAR1,286.8 million as at 31 December 2019G to SAR 1,315.4 million as at 31 December 2020G. The increase was driven by higher inventories bought to cope with the increase demand and business activity. Furthermore, the increase was also affected by higher stocks of the Covid-19 related products which were being sold by the Company in 2020G.

The following table shows the provision of slow-moving inventories as at 31 December 2018G, 2019G, and 2020G

Table (6-25): provision of slow moving inventories

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
At the beginning of the year	3.3	21.6	15.6	550.6%	(27.8%)	116.8%
Reversal/charge for the year	18.3	(6.0)	-	(132.8%)	(100.0%)	(100.0%)
At the end of the year	**21.6**	**15.6**	**15.6**	**(27.8%)**	**-**	**(15.0%)**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

The provision for slow moving inventory items decreased by 27.8% or by SAR 6.0 million from SAR 21.6 million as at 31 December 2018G to SAR 15.6 million on 31 December 2019G after the Company recorded a reversal of provision amounting to SAR 6.0 million during 2019G. During 2019G, The Company had quantified and detected slow-moving products in a number of pharmacies that were experiencing a low demand relatively and the aforementioned stocks were transferred to other pharmacies associated with a higher demand level by customers. This measure led to a decrease in the quantities of slow-moving stocks, which subsequently resulted in the aforementioned reversal of the provision for stocks between 2018G and 2019G.

The Company has not created any additional provision related to slow moving inventory items. It should be noted that the Company conducted stock counts in 2020G to assess the stock situation and identify slow-moving products or damaged goods, and the value of slow-moving products amounted to SAR 7.0 million (lower than the provision for slow-moving products, which amounted to SAR 15.6 million). As a result, the Company did not create or reverse any provision in 2020G.

a) Right to returned assets

Right to return represents the company's right to retrieve products from customers who exercise the right of return as per the company's policy. The right to return is measured by referring to the previous book values of the goods. Costs of returning products are immaterial since customers usually return products in salable condition. Right to returned assets which were recorded by the Company are mainly associated with the wholesale sales since the Company's policy grants the customers to right to return the large majority of products within a three days period except for milk and food products where the customer has the right to return these assets within a one day period. Right to returned assets declined by 25.6% or by SAR 0.3 million, from SAR 1.2 million as at 31 December 2018G to SAR 0.9 million as at 31 December 2019G. It should be noted that the movement of these assets does not follow a specific trend, but rather fluctuates constantly depending on the volume of sales and the volume of returns. Right to the returned asset increased by 75.8% or by SAR 0.7 million from SAR 0.9 million as at 31 December 2019G to SAR 1.6 million as at 31 December 2020G.

b) Accounts receivable and prepayments

The following table shows the accounts receivables and prepayments as at 31 December 2018G, 2019G, and 2020G.

Table (6-26): accounts receivable and prepayments

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Accounts receivable	153.4	183.0	273.9	19.3%	49.7%	33.6%
Less: allowance for expected credit loss	(29.3)	(28.9)	(28.3)	(1.3%)	(2.1%)	(1.7%)
	124.1	**154.1**	**245.6**	**24.2%**	**59.3%**	**40.7%**
Advances to suppliers	74.8	125.5	242.0	67.7%	92.9%	79.8%
Prepaid expenses	13.8	14.3	13.5	3.4%	(5.5%)	(1.2%)
Other receivables	21.7	23.3	28.7	7.1%	23.6%	15.1%
Total	**234.5**	**317.2**	**529.9**	**35.2%**	**67.1%**	**50.3%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Accounts receivable and prepayments consist mainly of account receivable and advances to suppliers, where these two components represented 84.8%, 88.2% and 92.0% of the total balance of accounts receivable and prepayments as at 31 December 2018G, 2019G and 2020G, respectively.

Accounts receivable and prepayments increased by 35.2% or by SAR 82.6 million from SAR 234.5 million as at 31 December 2018G to SAR 317.2 million as at 31 December 2019G, mainly driven by the increase in account receivables and advances to suppliers. The balance further increased by 67.1%, or by SAR 212.8 million from SAR 317.2 million as at 31 December 2019G to SAR 529.9 million as at 31 December 2020G and the increase was also driven by higher account receivables and advances to suppliers.

Accounts receivable balances are receivable balances due from the Company's various customers, specifically from credit sales customers, given that the majority of pharmacy sales are made on a cash basis. Accounts receivable balances are mainly related to insurance companies and credit customers. Accounts receivable increased by 19.3% or by SAR 29.6 million from SAR 153.4 million as at 31 December 2018G to SAR 183.0 million as at 31 December 2019G. The increase was mainly driven by the increase in the value of receivable balances from insurance companies as a result of the increase in the volume of transactions with these companies, in addition to the increase in the receivable balances from credit customers after securing a number of new contracts with new commercial clients in 2019G. Accounts receivable further increased by 49.7%, or by SAR 90.9 million from SAR 183.0 million as at 31 December 2019G to SAR 273.9 million as at 31 December 2020G. The increase was in line with the increase in sales from pharmacies between 2019G and 2020G.

The following table shows the movement in the allowance for expected credit loss as at 31 December 2018G, 2019G, and 2020G.

Table (6-27): Movement in the allowance for expected credit loss

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
As at 1 January	34.8	29.3	28.9	(15.8%)	(1.3%)	(8.8%)
Charge/(reversal) for the year	(3.4)	3.8	0.8	(212.2%)	(80.2%)	-
Write-off	(2.1)	(4.2)	(1.4)	99.4%	(67.5%)	-
Total	**29.3**	**28.9**	**28.3**	**(1.3%)**	**(2.1%)**	**(1.7%)**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

The provision for expected credit loss recorded by the company between 2018G and 2020G is related to the long outstanding and unrecoverable balances of trade receivables. The Company always measures the loss allowance for trade accounts receivable at an amount equal to the lifetime expected credit loss. The expected credit losses from commercial receivable accounts are estimated using a specific provisioning program by assessing the payment history of the defaulter, analysing the current financial position of the debtor, processing necessary adjustments to the specific factors associated with the debtors and the general economic conditions of the industry in which the debtors operate and assessing the current and expected indicators of general conditions as at the date of the financial statements.

The allowance for expected credit losses declined by 1.3% or by SAR 0.4 million from SAR 29.3 million as at 31 December 2018G to SAR 28.9 million as at 31 December 2019G after the company has written off a number of balances which were deemed as uncollectible. The provision further declined by 2.1%, or by SAR 0.6 million, from SAR 28.9 million as at 31 December 2019G to SAR 28.3 million as at 31 December 2020G.

The following table shows the aging of retail receivables as at 31 December 2020G.

Table (6-28): Aging of retail receivables

SAR'm	0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-180 days	> 180 days	Total
Retail customers	77.0	74.8	29.8	9.4	3.2	1.9	5.8	201.9
Total	**77.0**	**74.8**	**29.8**	**9.4**	**3.2**	**1.9**	**5.8**	**201.9**

Source: management information

The standard credit period granted by the company to its customers (wholesale and retail customers) to pay their dues ranges between 30 and 90 days. However, the aging of receivables shown above indicates that the receivable balances outstanding for a period 90 days amounted to SAR 20.3 million as at 31 December 2020G. The aforementioned balance represented 10.1% of the total accounts receivable.

Although the standard credit period granted to customers to pay their dues does not exceed 90 days, the collection of accounts receivable from wholesale customers is usually delayed in the normal course of business. Wholesale customers delay the settlement of the Company's dues for many reasons including lack of sufficient liquidity with these customers and the review of invoices prior to settlement. With regards to receivables due from retail customers, these are delayed due to reconciliation exercises performed by the insurance customers to assess the accuracy of the invoices raised by the Company.

Table (6-29): Aging of wholesale receivables

SAR'm	Current	1 - 90 days	91 - 150 days	151 - 365 days	366 - 730 days	Over 730 days	Total
Wholesale customers	36.1	3.7	1.2	2.0	0.7	-	43.6
Total	**36.1**	**3.7**	**1.2**	**2.0**	**0.7**	**-**	**43.6**

Source: management information

In the case of wholesale customers, the large majority of accounts receivable are considered not due. However, the above table shows that the amounts recorded as amounts outstanding for a period exceeding 90 days amounted to SAR 3.9 million as at 31 December 2020G. The delay in collecting receivables from wholesale customers was associated with the inability of a number of these customers to pay their dues. It should be noted that the provision booked by the Company in respect to slow or unrecoverable accounts receivable included all balances due for extended periods.

Payments to suppliers include advance payments made to foreign suppliers who provide medical supplies to the company. It should be noted that transactions with local suppliers do not include advance payments. Advance payments ranging between 5% and 10% of the total purchase value are usually made to the foreign suppliers prior to order shipment. Advances to suppliers increased by 67.7%, or SAR 50.6 million, from SAR 74.8 million as at 31 December 2018G to SAR 125.5 million as at 31 December 2019G. The increase was driven by the Company's desire to support a number of imported medical consumables which led to an increase in the quantities of these imported items.

Advances to suppliers increased further by 92.9%, or SAR 116.6 million from SAR 125.5 million as at 31 December 2019G to SAR 242.0 million as at 31 December 2020G. The increase was driven by the increase in the volume of purchases made by the company during the year 2020G in order to keep pace with the increase in activity and business. As mentioned previously, the increase in sales during the year 2020G was related to the Covid-19 sales and the higher demand that pharmacies witnessed during the pandemic.

The following table shows the prepaid expenses and other receivables as at 31 December 2018G, 2019G, and 2020G.

Table (6-30): prepaid expenses and other receivables

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Government fees	4.6	3.7	2.5	(20.6%)	(30.8%)	(25.9%)
Medical insurance	6.3	7.2	7.9	13.4%	10.3%	11.9%
Rent	1.3	1.2	2.2	(13.5%)	91.2%	28.6%
Deposits with others	2.2	2.3	2.0	6.6%	(14.5%)	(4.5%)
Permanent custody	3.2	3.2	3.8	(1.2%)	20.8%	9.2%
Staff loans	4.6	9.2	7.8	100.7%	(15.8%)	30.0%
Others	3.0	3.2	1.7	5.4%	(47.8%)	(25.8%)
Eligible benefits	10.3	7.7	14.3	(25.4%)	87.3%	18.2%
Total	**35.5**	**37.5**	**42.2**	**5.6%**	**12.6%**	**9.0%**

Note: The total in the above table must be matched with the total prepaid expense balances and other debit balances in Table 6-30

Source: management information

Prepaid expenses consist of government expenses and insurance expenses, as these two components constituted 43.3%, 36.3% and 37.5% of total prepaid expenses as at 31 December 2018G, 2019G and 2020G, respectively.

Government fees are expenses incurred to issue commercial registrations and licenses. Government expenses declined by 20.6% or by SAR 0.9 million from SAR 4.6 million as at 31 December 2018G to SAR 3.7 million as at 31 December 2019G as a result of the amortization of these expenses. Government expenses recorded a further decline by 30.8% or SAR 1.2 million to SAR 2.5 million as at 31 December 2020G as a result of the accumulated amortization. It should be noted that the expenses incurred to issue commercial licenses and licenses are settled for one time at the start of the process and are amortized in later periods, which leads to a decline in the amount recorded as an advance payment.

Medical Insurance are expenses incurred on medical insurance acquired for the Company's employees. These expenses increased by 13.4% or by an SAR 0.9 million from SAR 6.3 million as at 31 December 2018G to SAR 7.2 million as at 31 December 2019G due to the increase in the number of employees from 4,883 employees in 2018G to 5,164 employees in 2019G. The expenses further increased by 10.3% or by SAR 0.7 million to SAR 7.9 million as at 31 December 2020G, as the total number of employees further increased to 5,774 employees 2020G.

Rent expenses are related to the Company's main administrative office. Rent expenses did not witness any material fluctuation between 2018G and 2019G. The contract between the company and the lessor is renewed annually. Rent expenses increased by 13.5%, or by SAR

1.0 million from SAR 1.2 million as at 31 December 2019G to SAR 2.2 million as at 31 December 2020G. The increase was associated with the leased land from the Saudi Authority for Industrial Cities and Technology Zones "MODON" for the purpose of warehouses construction. The lease payments related to the land were being paid periodically, but the company did not start the building pharmacies which were expected to be built during the period mentioned in the lease agreement. As a result, the rent payments which were paid in advance to the Saudi Authority for Industrial Cities and Technology Zones "MODON" were recorded within prepaid rent, given that the company expects to recollect these amounts.

Deposits with others are amounts deposited with landlords of offices and pharmacies which the company leased, where part of the rent is deposited as a payment guarantee with the owners of offices and pharmacies. Deposits with others increased by 6.6% or by SAR 0.1 million from SAR 2.2 million as at 31 December 2018G to SAR 2.3 million as at 31 December 2019G. The increase was driven by the increase in the number of rented pharmacies between 2018G and 2019G. Amounts deposited with others declined by 14.5%, or by SAR 0.3 million from SAR 2.3 million as at 31 December 2019G to SAR 2.0 million as at 31 December 2020G as part of the normal course of business. It is should be noted that the decline was mainly affected by the termination of a number of leased offices and pharmacies contracts, which led the company to recover the amounts deposited with the lessors of these offices and pharmacies.

Permanent custody balances are cash balances placed at the disposal of doctors responsible for operating pharmacies for them to meet the daily needs of pharmacies. These balances are replenished on a need basis. Such needs include bags, cleaning supplies and other daily necessities.

Staff loans are low value loans granted to employees. The Company's policy is to grant staff loans and advances in the normal course of business. These loans are gradually deducted from the employees' salaries on an installment basis. Staff loans increased by 100.7%, or by SAR 4.6 million from SAR 4.6 million as at 31 December 2018G to SAR 9.2 million as at 31 December 2019G, as the increase was driven by an increase in the total number of employees between 2018G and 2019G as well as the increase in the number of requests for advances that were approved by the management. Staff loans declined by 15.8% or by SAR 1.4 million to SAR 7.8 million as at 31 December 2020G as loans to employees are now being only granted in exceptional cases.

Others include deposits placed in the custody of supervisors who are responsible for monitoring the operation of pharmacies and the shipment of products. These amounts are used to manage the daily expenses of pharmacies.

Subsidy receivables are amounts granted to the Company from the Ministry of Finance as a support and compensation. The Ministry of Finance has previously issued decisions which requested the Company to sell the milk products at discounted prices stating that the Company shall be compensated for the discounts granted to the customers. Subsidy receivables declined by 25.4%, or by SAR 2.6 million from SAR 10.3 million as at 31 December 2018G to SAR 7.7 million as at 31 December 2019G. It should be noted that the subsidy program managed by the Company covered numerous types of milk products. However and starting in 2019G, the number of items included in the support program was reduced, which led to a decline in the amounts of subsidy receivables. Subsidy receivables increased by 87.3%, or by SAR 6.6 million to SAR 14.3 million as at 31 December 2020G, in line with the increase in sales.

Balances due from related parties are amounts due mainly from Digital Business System Company and other affiliate companies. These amounts also include receivables due from one of the company's shareholders. For more information, please refer to Section 6-8 "**Related Party Transactions and Balances**" of this Prospectus.

c) Bank balances and cash

The following table shows the bank balances and cash as at 31 December 2018G, 2019G, and 2020G.

Table (6-31): bank balances and cash

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Bank balances	100.4	78.4	32.6	(21.9%)	(58.5%)	(43.1%)
Cash on hand	7.3	6.7	5.5	(8.4%)	(16.9%)	(12.8%)
Total	**107.7**	**85.0**	**38.1**	**(21.0%)**	**(55.2%)**	**(40.5%)**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Bank balances and cash mainly consist of bank balances which represented 93.2%, 92.2% and 85.5% of the total bank balances and cash as at 31 December 2018G, 2019G and 2020G, respectively.

Cash on hand represents amounts collected by pharmacies and deposited in bank accounts on the day following the collection process. Collection of cash in pharmacies takes place after evaluating sales reports. These amounts are deposited into the company's accounts on the day following the collection.

Bank balances are spread amongst several banks which the company deals with for collections and payments.

Bank balances declined by 21.0% or by SAR 22.6 million from SAR 107.7 million as at 31 December 2018G to SAR 85.0 million as at 31 December 2019G. The decline was affected by cash flows from financing and investing activities where the company distributed dividends to shareholders and acquired property and equipment. Also the Company settled lease contract payments and acquired shares and investments in listed companies.

Total bank balances and cash further declined by 55.2% or by SAR 47.0 million from SAR 85.0 million as at 31 December 2019G to SAR 38.1 million as at 31 December 2020G. The decline was mainly affected by a decrease in cash flow from the Company's operating activities against an increase in cash outflow from investing activities. It should be noted that the cash flow from operating activities declined from SAR 515.0 million in 2019G to SAR 406.8 million in 2020G as a result of the increase in receivables and the acceleration of payments made to suppliers. Cash outflow from investing activities increased from SAR 253.8 million in 2019G to SAR 282.2 million in 2020G as a result of the Company's purchasing equipment, machinery, cars, furniture and other properties.

6-7-4 Equity

The following table shows the components of equity as at 31 December 2018G, 2019G, and 2020G.

Table (6-32): Equity

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G - 2020G
Capital	10.0	10.0	10.0	-	-	-
Proposed increase in capital	51.5	51.5	51.5	-	-	-
Statutory reserve	5.0	5.0	5.0	-	-	-
Retained earnings	796.7	895.4	994.0	12.4%	11.0%	11.7%
FV reserve of equity instruments	-	7.4	52.3	-	602.8%	-
Total partners' equity	**863.2**	**969.4**	**1,112.8**	**12.3%**	**14.8%**	**13.5%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

a) Capital

The capital is divided into 200,000 shares at SAR 50 per share. The capital did not witness any changes between 31 December 2018G and 2020G. (For more information, please see Section 4-1-2 "**Corporate History and Evolution of Capital**" of this Prospectus).

b) Proposed increased in capital

In 2008G, the Company's shareholders resolved to capitalize the shareholders' account as a proposed increase in capital. The legal formalities in respect of the proposed capital increase were yet to commence at 31 December 2020G. As a result, the proposed increase in share capital remained constant between 31 December 2018G and 31 December 2020G.

c) Statutory reserve

In accordance with Companies Law in Saudi Arabia, Companies are required to transfer 10% of its net income to statutory reserves every year until the reserve equals 30% of the share capital. However, the partners have resolved to keep it at 50% of the capital in 2019G and 2020G.

d) Retained earnings

Retained earnings increased by 12.4% or SAR 98.7 million, from SAR 796.7 million as at 31 December 31 2018G to SAR 895.4 million as at 31 December 2019G. The increase was linked to an increase in the net income recorded by the company by 2.1% or SAR 4.9 million from SAR 228.3 million in 2018G to SAR 233.2 million in 2019G. Retained earnings further increased by an additional 11.0%, or SAR 98.6 million from SAR 895.4 million on 31 December 2019G to SAR 994.0 million 31 December 2020G. The increase was mainly driven by the increase in the annual profits recorded by the company from SAR 233.2 million SAR in 2019G to SAR 246.4 million in 2020G.

6-7-5 Non-current liabilities

The following table shows the non-current liabilities as at 31 December 2018G, 2019G, and 2020G.

Table (6-33): non-current liabilities

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-19G	Dec 2019-20G	2018G-2020G
Lease liability	579.7	560.5	576.0	(3.3%)	2.8%	(0.3%)
Employees' terminal benefits	82.2	89.6	104.1	9.0%	16.2%	12.6%
Total non-current liabilities	**661.9**	**650.1**	**680.1**	**(1.8%)**	**4.6%**	**1.4%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Non-current liabilities are concentrated in the non-current portion of lease obligations, which represented 87.6%, 86.2% and 84.7% of total non-current liabilities as at 31 December 2018G, 2019G and 2020G. Non-current liabilities increased by 1.8%, or by SAR 11.8 million, from SAR 661.9 million as at 31 December 2018G to SAR 650.1 million as at 31 December 2019G. The increase was driven by the increase in the provision for employees' terminal benefits and the increase in the non-current portion of lease commitments between the two years.

Non-current liabilities further increased by 4.6% or by SAR 30.0 million from SAR 650.1 million as at 31 December 2019G to SAR 680.1 million as at 31 December 2020. The increase was driven by an increase in end of service provision for employees' terminal benefits by 16.2% or by SAR 14.5 million from SAR 89.6 million as 31 December 2019G to SAR 104.1 million as at 31 December 2020G.

a) Lease liabilities

The following table shows the lease liabilities as at 31 December 2018G, 2019G, and 2020G.

Table (6-34): lease liabilities

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
As at 1 January	776.7	726.9	733.2	(6.4%)	0.9%	(2.8%)
Additions	113.0	135.0	192.6	19.4%	42.7%	30.5%
Modifications	(3.9)	52.1	62.2	(1,483.9%)	19.4%	-
Disposal	-	(49.4)	(60.7)	-	23.1%	-
Accretion of interest	31.2	30.4	28.3	(2.3%)	(6.9%)	(4.6%)
Payments	(190.1)	(161.8)	(191.0)	(14.9%)	18.0%	0.2%
At 31 December	726.9	733.2	764.6	0.9%	4.3%	2.6%
Current	147.1	172.7	188.6	17.3%	9.2%	13.2%
Non-current	579.7	560.5	576.0	(3.3%)	2.8%	(0.3%)
Total	**726.9**	**733.2**	**764.6**	**0.9%**	**4.3%**	**2.6%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

As mentioned previously, the Company has lease contracts associated with a number of real estate properties and buildings used in daily operations. The lease terms for real estate leases generally range between 2 to 19 years, while the lease terms for land leases range between 12 to 16 years.

Non-current portion of lease liabilities decreased by 3.3%, or by SAR 19.2 million as at 31 December 2018G from SAR 579.7 million as at 31 December 2018G to SAR 560.5 million as at 31 December 2019G, as a result of closures of a number of pharmacies and amendments made to a number of other pharmacy contracts.

Non-current portion of lease liabilities further increased by 2.8% or by SAR 15.4 million, from SAR 560.5 million as at 31 December 2019G to SAR 576.0 million as at 31 December 2020G. The increase was mainly driven by additions made to buildings and pharmacies which the company leased between 2018G and 2020G.

b) Employees' terminal benefits

Employees' terminal benefits represent a defined benefit plan maintained in accordance with the labor law in Saudi Arabia.

Employees' terminal benefits liabilities is a statutory requirement for all Saudi companies and is payable to employees on resignation or termination of employment. End of service benefits provision was recognized based on actuarial valuation conducted by an independent actuarial. The actuarial studies which are conducted include a number of assumptions which are modified periodically.

Employees' terminal benefits increased by 9.0% or by SAR 7.4 million from SAR 82.2 million as at 31 December 2018G to SAR 89.6 million as at 31 December 2019G driven by the increase in the Company's headcount from 4,883 employees in 2018G to 5,164 in 2019G. This was mainly due to the recruitment of a number of employees to keep pace with the increase in business activities. Employees' terminal benefits further increased by 16.3%, or by SAR 14.5 million, from SAR 89.6 million as at 31 December 2019G to SAR 104.1 million as at 31 December 2020G. The increase was due to the increase in the total number of the Company's headcount which further increased from 5,164 employees in 2019G to 5,774 employees in 2020G.

6-7-6 Current liabilities

The following table shows the current liabilities as at 31 December 2018G, 2019G, and 2020G.

Table (6-35): current liabilities

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Refund liability	2.2	1.6	2.8	(27.3%)	77.1%	14.4%
Accounts payable and accruals	586.5	557.4	456.2	(5.0%)	(18.2%)	(11.8%)
Amounts due to related parties	9.3	7.8	38.2	(16.5%)	391.7%	102.7%
Current portion of lease liabilities	147.1	172.7	188.6	17.3%	9.2%	13.2%
Contract liabilities	25.0	28.2	39.6	12.8%	40.7%	26.0%
Bank overdrafts	0.2	-	-	(100.0%)	-	(100%)
Short term loans	699.0	720.0	891.0	3.0%	23.8%	12.9%
Swap derivatives	4.3	20.0	114.9	362.9%	475.7%	416.2%
Zakat provision	10.4	12.2	20.3	17.3%	66.6%	39.8%
Total current liabilities	**1,483.9**	**1,519.7**	**1,751.6**	**2.4%**	**15.3%**	**8.6%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Current liabilities mainly comprised of accounts payable and accruals in addition to bank overdrafts and short-term loans, as these components constituted 86.6%, 84.1% and 76.9% of the total current liabilities as at 31 December 2018G, 2019G and 2020G, respectively.

Current liabilities increased by 2.4% or by SAR 35.7 million from SAR 1,483.9 million as at 31 December 2018G to SAR 1,519.7 million as at 31 December 2019G due to the increase in the current portion of lease contract obligations and the increase in overdraft bank accounts balances and short-term loans during between both years.

Current liabilities further increased by 15.3% or by SAR 232.0 million from SAR 1,519.7 million as at 31 December 2019G to SAR 1,751.6 million as at 31 December 2020G as a result of an additional increase in bank overdraft accounts and short-term loans by 23.8%, or by SAR 171.0 million from SAR 720.0 million as at 31 December 2019G to SAR 891.0 million as at 31 December 2020G.

a) Refund liabilities

Refund liabilities relate to customers' right to return products. The Company recognizes a refund liability for the amount of consideration received for which the Company does not expect to be entitled. Refund liabilities balance declined by 26.1% or by SAR 0.6 million from SAR 2.2 million as at 31 December 2018G to SAR 1.6 million as at 31 December 2019G. Refund liabilities balance increased back by 77.1% or an by SAR 1.2 million from SAR 1.6 million as at 31 December 2019G to SAR 2.8 million as at 31 December 2020G. It should be noted that the balance of the refund liabilities fluctuates during the normal course of business and is not only affected by the volume of activity or the level of sales recorded by the Company but is also driven by several factors so that the process of returning goods by customers is triggered by multiple reasons including damaged goods, duplicate orders processed twice by mistake and other various reasons.

b) Accounts payable and accruals

The following table shows the accounts payables and accruals as at 31 December 2018G, 2019G, and 2020G.

Table (6-36): accounts payable and accruals

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Accounts payable	455.3	435.6	289.4	(4.3%)	(33.6%)	(20.3%)
Accrued expenses	76.4	71.8	83.8	(5.9%)	16.7%	4.8%
VAT, net	-	4.4	34.5	-	677.4%	-
Retention	18.7	11.2	9.8	(40.0%)	(12.8%)	(27.7%)
Other payables	36.1	34.3	38.7	(5.2%)	13.1%	3.6%
Total	**586.5**	**557.4**	**456.2**	**(5.0%)**	**(18.2%)**	**(11.8%)**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Accounts payable and accruals declined by 5.0% or by a value of SAR 29.1 million from SAR 586.5 million as at 31 December 2018G to SAR 557.4 million as at 31 December 2019G primarily due to a decline in accounts payables and accrued expenses and retentions between 2018G and 2019G. The balance further declined by 18.2% or by SAR 101.2 million from SAR 557.4 million as at 31 December 2019G to SAR 456.2 million as at 31 December 2020G due to an additional decline in accounts payable by 33.6 % or by SAR 146.2 million from SAR 435.6 million as at 31 December 2019G to SAR 289.4 million as at 31 December 2020G.

Accounts payable and accruals include accounts payable due to suppliers dealing with the Company in addition to various accrued expenses incurred in the normal course of business. Accrued expenses include accrued employee salaries, GOSI expenses in addition to accrued ticketing and vacation and other accrued expenses.

The company deals with a group of local and foreign suppliers in order to purchase medicines and medical supplies. While the majority of medicines are purchased from local suppliers, the company deals with foreign suppliers to meet its needs for medical supplies. Accounts payable declined by 4.3%, or by SAR 19.7 million from SAR 455.3 million as at 31 December 2018G to SAR 435.6 million as at 31 December 2019G. The decline was related to the decline in balances due to local and foreign suppliers. The decline in balances payable to local suppliers was influenced by discounts granted by suppliers to the Company. On the other hand, the decline in balance payable to foreign suppliers was due to advance payments and accelerated payments made to these suppliers to avoid any delays in shipments. It should be noted that the company was able to obtain discounts at a relatively high scale for purchasing large quantities of products and supplies to keep pace with the high level of business activities.

The standard credit period granted by local and foreign suppliers to the company for settlement of dues ranges between 30 and 120 days. Payments to suppliers are usually made within the normal course of business and without any noticeable to avoid any delay in the shipment of medicines and medical supplies.

Accounts payable further declined by 33.6%, or by SAR 146.2 million, from SAR 435.6 million as at 31 December 31, 2019G to SAR 289.4 million as at 31 December 2020G. The decline was due to accelerated and successive payments made by the Company to a number of suppliers, as the Company's priority in 2020G was to settle the suppliers' dues.

c) Accrued expenses

The following table shows the accrued expenses as at 31 December 2018G, 2019G, and 2020G.

Table (6-37): accrued expenses

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Accrued salaries	44.4	49.6	58.5	11.6%	17.9%	14.8%
Accrued vacation and ticketing	14.5	14.1	15.7	(2.7%)	11.2%	4.0%
Accrued GOSI	2.7	2.4	3.1	(11.0%)	29.6%	7.4%
Accrued other expenses	14.7	5.7	6.5	(61.1%)	13.9%	(33.5%)
Total	**76.4**	**71.8**	**83.8**	**(5.9%)**	**16.7%**	**4.8%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Accrued expenses consist mainly of the accrued salaries payable to employees, which represented 58.2%, 69.0% and 69.8% of the total payable expenses as at31 December 2018, 2019G and 2020G, respectively.

Accrued salaries represent unpaid salaries as at 31 December 2018G and 2020G. Usually, the majority of the employees' salaries and benefits are paid prior to the end of the month. However, any unpaid salaries are recorded as part the accrued expenses in the event that these were not paid which is usually the case in the last month of the year. Accrued salaries increased by 17.9% or by SAR 8.9 million from SAR 49.6 million as at 31 December 2019G to SAR 58.5 million as 31 December 2020G. The increase was related to the increase in the number of the Company's employees during the period.

Accrued vacation and ticketing include airfare and vacation allowances due to employees. It should be noted that the movement of these benefits does not follow a certain trend but is driven by the number of employees who consume their annual vacation. Accrued vacation and ticketing allowances did not witness any material fluctuations between 31 December 2018G and 31 December 2020G. Accrued vacation and ticketing expenses declined by 2.7% or by SAR 0.4 million from SAR 14.5 million as at 31 December 2018G to SAR 14.1 million as at 31 December 2019G as a result of a partial increase in the number of employees who consumed part of their vacation. Accrued vacation and ticketing increased by 11.2%, or by SAR 1.6 million as at 31 December 2020G. The increase was driven by the decline in the number of employees who consumed their vacations following the restrictions which were imposed during the Covid-19 pandemic.

Accrued GOSI expenses are due to the General Organization for Social Security. These expenses fluctuate in the normal course of business. These expenses amounted to SAR 2.7 million as at 31 December 2018G then declined by 11.0% or by SAR 0.3 million to SAR 2.4 million as at 31 December 2019G as a result of the company paying a portion of the amounts due. The balance increased by 29.6% or SAR 0.7 million to SAR 3.1 million as at 31 December 2020G. The increase was associated with the increase in the number of employees during the period.

Other accrued expenses are miscellaneous expenses which mainly include accrued commission expenses and accrued professional fees in addition to accrued interest fees. These expenses declined by 61.1% or by SAR 9.0 million from SAR 14.7 million as at 31 December 2018G to SAR 5.7 million as at 31 December 2019G. Prior to 2019G, commissions were paid to the company's representatives and sales team members on an annual basis, and commission expenses were paid subsequent to year end. Starting 2019G, these commissions were being paid annually. Other accrued expenses increased by 13.9% or by SAR 0.8 million from SAR 5.7 million as at 31 December 2019G to SAR 6.5 million as at 31 December 2020G. The increase was driven by payments made by the Company with the aim of terminating the lease of a number of pharmacies which were closed during the same year.

d) Accrued VAT

The value added tax payable is the tax payable to the Zakat, Tax and Customs Authority. The balance increased by 677.4% or by SAR 30.1 million from SAR 4.4 million as at 31 December 2019G to SAR 34.5 million as at 31 December 2020. The increase was driven by the increase in value added tax (VAT) from 5% to 15%, in addition to the increase in sales volumes that were recorded during the month of December 2020G as compared to the month of December 2019G.

e) Retention

Retentions payable are amounts owed to one subcontractor which was appointed by the Company to carry out construction work near the Company's main warehouse in Al Sudair. The retained amounts due to this contractor represent discounts ranging between 5% and 10% of the invoices raised by the contractor. It is worth noting that the company is in the process of building a mosque and a new administrative office near the company's main warehouse. The balance of retention payable gradually declined from SAR 18.7 million as at 31 December 2018G to SAR 9.8 million as at 31 December 2020G. The gradual decline was associated with the completion of a large part of the planned work, which resulted in the settlement of the largest part of the retention balances due for payment.

f) Other payables

Other payables include balances due to a number of suppliers providing security. Maintenance, insurance and other various expenses. It should be noted the other payables balances include the balances due to the different service providers while balances due to the suppliers of medicines and medical consumables are reported as part of accounts payable. Other payables decreased by 5.2% or by SAR 1.8 million from SAR 36.1 million as at 31 December 2018G to SAR 34.3m million as at 31 December 2019G on accounts of settlements made to a number of these suppliers. Other payables balances increased back by 13.1% or by SAR 4.4 million to SAR 38.7 million as at 31 December 2020G triggered by maintenance, cleaning and construction work being performed in Al Sudair warehouse.

g) Amounts due to related parties

Amounts due to related parties are associated with amounts due to affiliate companies and shareholders. Amounts due to related parties declined by 16.5% or by SAR 1.5 million from SAR 9.3 million as at 31 December 2018G to SAR 7.8 million as at 31 December 2019G due to the settlements of due balances. Balances due to related parties increased by 391.7% or by SAR 30.4 million from SAR 7.8 million as at 31 December 2019G to SAR 38.2 million as at 31 December 2020G. The increase was driven by additional work carried out for the Company by several affiliate companies. For more information about the nature and movement of transactions carried-out with related parties, please refer to section 6-8 "**Related party transactions and balances**" of this prospectus.

h) Current portion of lease liabilities

The current portion of the lease liabilities is associated with the contracts of buildings and pharmacies which the company leased between 2018G and 2020G. The balance increased by 17.3% or by SAR 16.0 million from SAR 147.1 million as at 31 December 2018G to SAR 172.7 million as at 31 December 2019G, with an additional increase of 9.2% or by SAR 16.0 million to SAR 188.6 million as at 31 December 2020G. The increases were related to the increase in the number of operating pharmacies during the period between 2018G and 2020G. It should be noted that the number of new pharmacies that opened stood at to 30, 36 and 40 pharmacies in 2018G, 2019G and 2020G.

i) Contract liabilities

Contract liabilities are recognized in respect of points awarded to customers as these points provide a benefit to customers that they would not receive without entering into a purchase contract and the commitment to grant the customer loyalty points is considered an independent commitment. The balance increased by 12.8% or by an amount of SAR 3.2 million from SAR 25.0 million as at 31 December 2018G to SAR 28.2 million as at 31 December 2019G. The increase was in line with the increase in the company's activity and sales. Contract liabilities further increased by 40.7% or by SAR 11.5 million to SAR 39.6 million as at 31 December 2020G. The increase was in line with the sales movement in 2020G which recorded a noticeable increase during the year. As mentioned previously, the increase in sales during the year 2020G was associated with the increase in sales of Covid-19 products and the increase in the scale and importance of the role played by pharmacies during the quarantine and lockdowns periods.

j) Bank overdrafts

Bank overdrafts are related to one of the loans that the company acquired from Samba Financial Group in order to support its requirements. For more information, please refer to Section 6-9 "**Loans**" of this Prospectus.

k) Swap derivatives

These obligations are linked to interest rate derivative swap contracts. These derivative financial instruments are measured at fair value based on significant observable inputs (Level 2) because there were no transfers between levels when the fair value was measured during the year. The balance of swap derivative liabilities contracts increased by 362.9%, or SAR 15.6 million as at 31 December 2018G to SAR 20.0 million as at 31 December 2019G with a further increase of 475.7% or SAR 94.9 million as at 31 December 2020G. The increase in the balance during the period was related to additional swap contracts which the Company provided to cover for interest rate fluctuations.

l) Zakat provision

Zakat provision increased by 17.3% from SAR 10.4 million as at 31 December 2018G to SAR 12.2 million as at 31 December 2019G in line with the increase in sales. Zakat provision further increased by 66.6% or by SAR 8.1 million to SAR 20.3 million as at 31 December 2020G. In addition to the increase in sales between 2018G and 2020G, the increase in zakat expenses during the mentioned period was related to the increase in the zakat base, which in turn increased according to the calculated zakat base.

6-8 Related party transactions and balances

The following table shows the related party transactions as at 31 December 2018G, 2019G, and 2020G.

Table (6-38): related party transactions

SAR'm	Nature of relationship	Nature of transaction	Financial year ended 31 December		
			2018G	2019G	2020G
Meshraf General Contracting	Affiliate	Value of construction of new pharmacies	(2.5)	(55.0)	110.7
Classic Travel & Tours Agency	Affiliate	Expenses recharged to the Company	(19.4)	(27.4)	21.9
Digital Business System Company	Affiliate	IT services provided to the Company	(15.1)	(15.2)	(23.7)
	Affiliate	Admin services provided by the Company	2.4	2.7	2.7
Partner	Affiliate		0.0	-	-
Salaries and other benefits			1.6	3.0	3.0
End of service benefits			0.1	0.1	0.1

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

The Company has recorded transactions of various value with its affiliate companies and related parties. The value of these transactions fluctuate during the normal business course and the type of these transactions varies between one affiliate and another. The value and the movement of transaction with a related party varies from one year to another which is affected by the movements of payments made to the affiliate (when the company makes payments to the related companies, the transaction is recorded as an outflow and when the transaction reflects the value of the services provided to the company, the transaction amount is recorded as an inflow).

- **Meshraf General Contracting**

Transactions with Meshraf General Contracting Company were related to improvement works associated the new pharmacies which the Company opened between 2018G and 2019G. In general, the value of transactions with Meshraf General Contracting Company increased from SAR 2.5 million in 2018G to SAR 55.0 million in 2019G, with a further increase to SAR 110.7 million in 2020G. The increase is related to the increase in the value and scope of work performed and associated with new pharmacies opened by the Company over the period, and the partial and large-scale maintenance and renovation work that the Company conducted in a number of pharmacies between 2018G and 2020G.

- **Classic Travel & Tours Agency**

Transactions with Classic Travel and Tours Agency relate to booking services provided by the affiliate to the Company in connection to the ticket reservations made for employees going on personal and business trips. Transactions carried-out with Classic Travel and Tours Agency fluctuated during the period between 2018G and 2020G. Transactions increased from SAR 19.4 million in 2018G to SAR 27.4 million in 2019G driven by the increase in the frequency of business trips made by the Company's employees during 2019G to keep pace with the expansion and the increase in work activity in all regions of the Kingdom during the year. Transactions with the affiliate company declined to SAR 21.9 million in 2020G driven by decline in the frequency of business trips during the Covid-19 pandemic period.

- **Digital Business System Company**

Transactions with the Digital Business Systems Company were associated with two types of transactions. The majority of these transactions are related to the information technology services provided by the related party to the company. These services are provided according to a contractual agreement which was formulated between both parties in 2018G and is being renewed annually. Transactions with the affiliate company increased from SAR 15.1 million in 2018G and SAR 15.2 million in 2019G to SAR 23.7 million in 2020G. The increase in 2020G, was in relation to the increase in annual fees for services provided by Digital Business System Company, given that the contract with the company was reviewed during the year.

The second type of transaction is related to management and strategy services provided by the Company to Digital Business System Company within the normal course of business. Transactions related to administrative services did not witness any material change between 2018G and 2020G. Transactions with Digital Business System Company amounted to SAR 2.4 million, SAR 2.7 million and SAR 2.7 million in 2018G, 2019G, 2020G, respectively.

- **Partner**

Non-material transactions were recorded with one of the company's shareholders in 2018G, which were related to fees incurred for transferring property and cars and which were paid by the Company on behalf of the partner. The value of transactions amounted to SAR 25,800 thousand in 2018G.

- **Key management personnel**

Transactions with key management personnel relate to the salaries and end-of-service benefits of the Company's executive management. These transactions did not witness any material fluctuation between 2018G and 2020G.

The following table shows the balances due to and from related parties as at 31 December 2018G, 2019G, and 2020G.

Table (6-39): amounts due to and from related parties

SAR'm	Nature of relationship	Financial year ended 31 December		
		2018G	2019G	2020G
Amounts due from related parties				
Smart Technologies Development Company	Related party	-	-	0.1
Digital Business System Company	Related party	-	1.6	-
Partner	Partner	0.4	-	-
Others	-	0.4		0.0
Total		**0.8**	**1.6**	**0.1**
Amounts due to related parties				
Meshraf General Contracting	Related party	0.1	4.4	24.5
Partner	Partner	1.5	1.4	2.8
Classic Travel & Tours Agency	Related party	2.7	1.6	0.6
Digital Business System Company	Related party	4.3	-	10.2
Others	-	0.8	0.4	-
Total		**9.3**	**7.8**	**38.2**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

6-8-1 Amounts due from related parties

Amounts due from related parties as at 31 December 2018G were related to amounts due from a partner and amounts due from a number of related parties. The amounts due from the shareholder were amounts which were paid by the company on behalf of the partner and were related to insurance and maintenance expenses incurred on his cars. Amounts due from related parties increased by SAR 1.0 million from SAR 0.8 million as at 31 December 2018G to SAR 1.6 million as at 31 December 2019G. The increase was driven by balances due from the Digital Business System Company for which the Company had provided various administrative services. Balances due from related parties declined by SAR 1.5 million from SAR 1.6 million as at 31 December 2019G to SAR 0.1 million as 31 December 2020G as a result of payments made by Digital Business Systems Company.

6-8-2 Amounts due to related parties

As at 31 December 2018G, the amounts due to related parties were associated with amounts owed to Digital Business Systems Company and Classic Travel and Tours Agency. Amounts due to Classic Travel and Tours Agency are in relation to travel tickets booked for the Company's employees during their personal and business trips. Balances due to the Digital Business Systems Company were related to the information technology services provided by the related party to the Company. Amounts due to related parties declined by SAR 1.5 million from SAR 9.3 million as at 31 December 2018G to SAR 7.8 million as at 31 December 2019G. Amounts due to related parties increased by SAR 30.4 million to SAR 38.2 million as at 31 December 2020G due to the increase in payables to Meshraf General Contracting and Digital Business Systems Company. It should be noted that the increase was not only related to the increase in the range of services provided to the Company but also to the postponement of payments, given that the Company's priority at the end of 2020G was to settle the dues of the suppliers.

6-9 Loans

The following table shows the loans as at 31 December 2018G, 2019G, and 2020G.

Table (6-40): loans

SAR'm	Financial year ended 31 December		
	2018G	2019G	2020G
Alinma	130.0	100.0	145.0
Albilad	69.0	-	-
ANB	40.2	-	0.1
AlJazira	-	45.0	-
GIB	20.0	-	75.0
NCB	130.0	155.0	190.0
Rajhi	150.0	120.0	225.0
SABB	30.0	-	20.0
SAMBA	10.0	60.0	90.9
Alawwal Bank "**Saudi Hollandi Bank**" previously	120.0	120.0	-
FAB	-	70.0	-
ENBD	-	50.0	75.0
BSF	-	-	70.0
Total	**699.2**	**720.0**	**891.0**

Source: management information

The company obtained overdrafts, Tawarruq, Murabaha and short-term loans from commercial banks. All loans and facilities are guaranteed by corporate and personal guarantees, promissory notes and the waiving of rights associated with the insurance contracts. These facilities carry borrowing costs at an average rate of 1.36% plus the commission rate for dealing with Saudi banks (SIBOR). Overdraft bank accounts had borrowing costs at an average rate of 5.0%.

The covenants associated with some short and long-term loans required the company to maintain certain level of financial conditions and some other requirements. It should be noted that the company has generally complied with the covenants mentioned in the agreements with respective banks.

For more information about loans, please refer to Section 12-5-8 "**Financing Agreements**", and for risks related to financing, please refer to Section 2-1-29 "**Risks Related to Financing**" and Section 2-2-5 "**Risks Related to Adverse Changes in Financing Cost**" from this prospectus.

The key purpose of these loans was to support business requirements and the requirements associated with new pharmacies opened between 2018G and 2019G. The loan balance increased by 3.0% or by SAR 20.8 million from SAR 699.2 million as at 31 December 2018G to SAR 720.0 million as at 31 December 2019G. The increase was mainly driven by additional loans taken by the company to support working capital requirements. The loan balance further increased by 23.8% or by SAR 171.0 million to SAR 891.0 million as 31 December 2020G, after the company obtained additional loans to support work requirements and support the construction of new pharmacies planned to be opened and which were opened during 2020G.

6-10 Statement of cash flows

The following table shows the statement of cash flows as at 31 December 2018G, 2019G, and 2020G.

Table (6-41): Statement of cash flows

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Net cash from operating activities	423.5	515.0	406.8	21.6%	(21.0%)	(2.0%)
Net cash used in investing activities	(147.4)	(253.8)	(282.2)	72.2%	11.2%	38.4%
Net cash used in financing activities	(250.2)	(283.9)	(171.5)	13.5%	(39.6%)	17.2%
Net increase in cash and cash equivalents	**26.0**	**(22.6)**	**(47.0)**	**(187.0%)**	**107.5%**	**-**
Cash and cash equivalents - opening	81.7	107.7	85.0	31.9%	(21.0%)	2.1%
Cash and cash equivalents - closing	**107.7**	**85.0**	**38.1**	**(21.0%)**	**(55.2%)**	**(40.5%)**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

The balance of cash and cash equivalents declined by 21.0% or by SAR 22.6 million, from SAR 107.7 million in 2018G to SAR 85.0 million in 2019G. The decline was due to an increase in cash outflows from investing and financing activities between 2018G and 2019G.

The cash outflows from investing activities increased by 72.2% or by SAR 106.4 million from SAR 147.4 million in 2018G to SAR 253.8 million in 2019G, the increase was driven by the purchase of equity instruments at fair value through other comprehensive income.

The cash outflows from financing activities increased by 13.5% or by SAR 33.7 million from SAR 250.2 million in 2018G to 283.9 million in 2019G. The increase was mainly driven by the dividends distributed to the shareholders by the Company during 2019G.

It should be noted that the increases in cash outflows related to investing and financing activities were offset by an increase in cash flows related to operating activities by 21.6% or by SAR 91.5 million from SAR 423.5 million in 2018G to SAR 515.0 million in 2019G as a result of an increase in profits before zakat a decline in inventory and an increase in depreciation related to property and equipment.

Cash and cash equivalents declined by 55.2% or by SAR 47.0 million from SAR 85.0 million in 2019G to SAR 38.1 million in 2020G where the aforementioned decline was due to two factors. The first factor is the decline in cash flow from operating activities by 21.0% or by SAR 108.2 million, from SAR 515.0 million in 2019G to SAR 406.8 million in 2020G due to an increase in accounts receivable and a decline in accounts payable owed to suppliers. The second factor is the increase in cash outflow from investment activities by 11.3% or by SAR 28.4 million from SAR 253.8 million in 2019G to SAR 282.2 million in 2020G due to the purchase of new assets and equipment by the Company.

6-10-1 Net cash flow from operating activities

The following table shows the net cash flows from operating activities as at 31 December 2018G, 2019G, and 2020G.

Table (6-42): net cash flows from operating activities

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Operating activities						
Profit for the year before Zakat and Income Tax	229.6	244.0	261.1	6.2%	7.0%	6.6%
Adjustments:						
Depreciation for property and equipment	136.5	146.7	139.2	7.5%	(5.1%)	1.0%
Depreciation for right-of-use assets	166.6	161.7	166.0	(2.9%)	2.7%	(0.2%)
Gain on disposal of property and equipment	(0.2)	(1.7)	(0.6)	936.9%	(61.7%)	99.3%
Loss on disposal of right-of-use assets	-	1.1	(2.4)	-	(320.0%)	-
Property and equipment write off	4.8	7.8	10.9	65.0%	39.5%	51.7%
Amortization of software cost	3.3	4.4	3.9	35.2%	(12.0%)	9.1%
Provision for employees' terminal benefits	14.7	14.1	20.2	(4.2%)	43.5%	17.2%
Finance costs	72.9	65.9	60.3	(9.6%)	(8.5%)	(9.0%)
Fair value loss on swap derivatives liabilities	-	15.6	94.9	-	506.8%	-
Working Capital Adjustments						
Inventories	(85.5)	13.1	(32.0)	(115.3%)	(343.8%)	(38.9%)
Right to returned asset	3.0	0.3	(0.7)	(89.3%)	(319.8%)	-
Accounts receivable and prepayments	(23.1)	(82.7)	(212.7)	258.4%	(157.3%)	(203.7%)
Amounts due from related parties	3.6	(0.9)	1.5	(124.0%)	(276.6%)	(34.8%)
Accounts payable and accruals	(40.0)	(29.1)	(101.2)	(27.1%)	247.3%	59.1%
Amounts due to related parties	5.2	(1.5)	26.6	(129.4%)	(1,839.1%)	125.9%
Contract liabilities	1.6	3.2	11.5	100.2%	258.1%	167.7%
Refund liability	(5.5)	(0.6)	1.2	(89.7%)	(318.3%)	-
Cash from operating activities						
Finance costs paid	(32.5)	(32.3)	(28.9)	(0.7%)	(10.6%)	(5.8%)
Employees' terminal benefits paid	(16.8)	(5.3)	(5.6)	(68.5%)	5.2%	(42.4%)
Zakat paid	(14.7)	(9.0)	(6.6)	(38.8%)	(26.9%)	(33.1%)
Net cash flows from operating activities	**423.5**	**515.0**	**406.8**	**21.6%**	**(21.0%)**	**(2.0%)**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Between 2018G and 2019G, cash flow from operating activities increased by 21.6% or by SAR 91.5 million, from SAR 423.5 million in 2018G to SAR 515.0 million in 2019G. The increase was due to a decline in inventory and an increase in profit before zakat. The increase in profit before zakat that the Company recorded was driven by the increase in revenues between 2018G and 2020G.

Cash inflow from operating activities decreased by 21.0%, or by SAR 108.2 million, from SAR 515.0 million in 2019G to SAR 406.8 million in the year 2020G as a result of the increase in accounts receivable and advance payments in line with the increase Revenues between the two years.

6-10-2 Net cash flow from investing activities

The following table shows the net cash flows from investing activities as at 31 December 2018G, 2019G, and 2020G.

Table (6-43): net cash flows from investing activities

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Purchase of property and equipment	(139.2)	(155.6)	(204.8)	11.8%	31.6%	21.3%
Proceeds from disposal of property and equipment	0.6	1.9	0.8	220.0%	(59.2%)	14.3%
Additions to software cost	(8.8)	(3.0)	(10.3)	(65.7%)	242.3%	8.4%
Purchase of equity instruments at FV through OCI	-	(97.0)	(67.9)	-	(30.0%)	-
Net cash used in investing activities	**(147.4)**	**(253.8)**	**(282.2)**	**72.2%**	**11.2%**	**38.4%**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

The cash flows from investing activities are mainly related to the purchase of property and equipment by the Company. The cash outflow from investment activities amounted to SAR 147.4 million and SAR 253.8 million in 2018G and 2019G, respectively. Addition to property and equipment were mainly related to work in progress associated with pharmacies planned to be opened. It should be noted that the increase in cash outflows from investment activities by 72.2% or by SAR 106.4 million from SAR 147.4 million in 2018G to SAR 253.8 million in 2019G was also related to the company's purchase of equity instruments.

The cash outflow from investment activities increased by 11.2%, or by SAR 28.4 million, from SAR 253.8 million in 2019G to SAR 282.2 million in 2020G as the increase was associated with new assets and equipment acquired by the Company in connection to new pharmacies which were opened and which are planned to be opened.

6-10-3 Net cash flow from financing activities

The following table shows the net cash flows from financing activities as at 31 December 2018G, 2019G, and 2020G.

Table (6-44): net cash flows from financing activities

SAR'm	Financial year ended 31 December			Increase / (Decrease)		CAGR
	2018G	2019G	2020G	Dec 2018-2019G	Dec 2019-2020G	2018G - 2020G
Net movement in bank overdrafts & ST loans	50.9	20.8	171.0	(59.1%)	722.9%	83.6%
Repayments of lease liabilities	(190.1)	(161.8)	(191.0)	(14.9%)	18.0%	0.2%
Settlement-closure of certain branches lease contracts	-	(3.8)	(4.3)	(1,837.1%)	14.0%	-
Dividends paid	(111.0)	(139.0)	(147.2)	25.2%	5.9%	15.2%
Net cash used in financing activities	**(250.2)**	**(283.9)**	**(171.5)**	**13.5%**	**(39.6%)**	**(17.2%)**

Source: Audited financial statements for the years ended 2018G, 2019G and 2020G

Cash flows from financing activities amounted to SAR 250.2 million and SAR 283.9 million in 2018G and 2019G, respectively. These cash flows were mainly related to the dividends paid to the partners during the period and the settlement of lease liabilities associated with pharmacies, offices and various warehouses leased by the Company. Cash outflows from financing activities increased by 13.5%, or by SAR 33.7 million, from SAR 250.2 million in 2018G to SAR 283.9 million in 2019G, as the increase was driven by the increase in profits distributed to the Company's partners during 2019G.

The cash outflow from financing activities declined by 39.6% or by SAR 112.3 million from SAR 283.9 million in 2019G to SAR 171.5 million in 2020G as a result of the company obtaining new loans in order to support the working capital requirements and new pharmacies.

6-11 Commitment and contingencies

The following table shows the commitment and contingencies as at 31 December 2020G.

Table (6-45): commitment and contingencies

SAR'm	Financial year ended 31 December		
	2018G	2019G	2020G
Letters of guarantee	4.5	4.6	8.4
Letters of credit	65.4	56.8	67.2
Capital commitments	50.0	62.0	160.0
Total	**189.8**	**184.8**	**235.6**

Source: management information

Letters of guarantee consisted mainly of one letter of guarantee issued on behalf of one affiliate, Classic Travel and Tours Agency, which issued the letter of guarantee to the General Civil Aviation Authority.

Letters of credit consisted of letters of credit issued to a number of the Company's suppliers who provide the company with medical materials and supplies.

The capital commitments were related to work in progress for pharmacies which were being opened on a yearly basis.

6-12 Management's discussion and analysis of financial position and results of operations for the financial period ended 30 June 2021G

The following table presents the company's key performance indicator ended 30 June 2020G and 2021G.

Table (6-46): Key performance indicators

SAR'm	Financial period ended 30 June	
	2020G	2021G
Revenue growth	N/A	(0.2%)
Net income growth	N/A	68.0%
Gross profit margin	39.4%	36.7%
Operating profit margin	9.0%	5.7%
Net profit margin	3.2%	5.3%
Return on Equity	N/A	11.1%
Return on Assets	N/A	3.6%
Current Assets/Current Liabilities	N/A	1.1%
Debt/Equity	N/A	0.7
Commercial income / net income	343.2%	160.1%
No. of pharmacies	836	847

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

6-13 Income statement

The following table presents the company's income statement for the financial periods ended 30 June 2020G and 2021G.

Table (6-47): Income statement

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Net sales	2,480.2	2,476.5	(0.2%)
Cost of sales	(1,503.1)	(1,566.5)	4.2%
Gross profit	**977.1**	**909.9**	**(6.9%)**
Selling and distribution	(698.5)	(705.9)	1.1%
General and administrative	(55.5)	(62.8)	13.1%
Operating profit	**223.1**	**141.3**	**(36.7%)**
Finance costs - fair value gain (loss) on swap derivatives liabilities	(114.8)	27.3	(123.8%)
Finance costs	(28.7)	(34.9)	21.3%
Other income, net	5.9	4.5	(23.0%)
Profit before zakat	**85.5**	**138.3**	**61.8%**
Zakat	(7.0)	(6.5)	(7.1%)
Profit for the year	**78.5**	**131.8**	**68.0%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Revenue decreased by 0.2% or by SAR 3.7 million from SAR 2,480.2 during the six months period ended on 30 June 2020G to SAR 2,476.5 million during the six months period ended 30 June 2021G. This was primarily due to the increase in discounts by 37.0% or by SAR 84.3 million from SAR 228.0 million during the six months period ended 30 June 2020G to SAR 312.3 million during the six months period ended 30 June 2021G. The increase in discounts was mainly driven by an increase in the discounts provided to one of the Company's main clients.

Cost of sales increased by 4.2% or by SAR 63.4 million from SAR 1,503.1 during the six months period ended on 30 June 2020G to SAR 1,566.5 million during the six months period ended 30 June 2021G. This was largely on account of higher pharmacies and main warehouse cost which increased by 3.2% or by SAR 53.0 from SAR 1,638.9 during the six months period ended on 30 June 2020G to SAR 1,619.9 million during the six months period ended 30 June 2021G. The rise in cost of sales was also influenced by an increase in revaluation costs, price differentials and inventory by 83.2% or by SAR 14.7 million from SAR 17.7 during the six months period ended on 30 June 2020G to SAR 23.4 million during the six months period ended 30 June 2021G.

Gross profit decreased by 6.9% or by SAR 67.2 million from SAR 977.1 million during the six months period ended on 30 June 2020G to SAR 909.9 million during the six months period ended 30 June 2021G. This decline was primarily due to the increase in cost of sales during that period.

Operating costs (selling and distribution expenses and general and administrative expenses) increased by 2.0% or by SAR 14.7 million from SAR 754.0 during the six months period ended on 30 June 2020G to SAR 768.7 million during the six months period ended 30 June 2021G.

Selling and distribution expenses increased by 1.1% or by SAR 7.4 million from SAR 698.5 million during the six months period ended on 30 June 2020G to SAR 705.9 million during the six months period ended 30 June 2021G. This resulted from an increase in the costs of the sales team operating the pharmacies and main warehouse.

General and administrative expenses increased by 13.1% or by SAR 7.3 million from SAR 55.5 million during the six months period ended on 30 June 2020G to SAR 62.8 million during the six months period ended 30 June 2021G. This was mainly due to the rise in employees related costs and IT services.

Operating profit decreased by 36.7% or by SAR 81.9 million from SAR 223.1 million during the six months period ended on 30 June 2020G to SAR 141.3 million during the six months period ended 30 June 2021G. This was largely influenced by the increase in operating costs, particularly general and administrative expenses. The decline in operating profit was also impacted by the increase in cost of sales during that period.

Fair value gain (loss) on swap derivative liabilities are amounts related to swap contracts which the Company has issued. The company's recorded a fair value unrealized loss of SAR 114.8 million during the six months period ended on 30 June 2020G which turned into an unrealized gain of SAR 27.3 million during the six months period ended on 30 June 2021G. This was primarily driven by an increase in LIBOR rates in the first half of 2021G.

Finance costs increased by 21.3% or by SAR 6.1 million from SAR 28.7 million during the six months period ended on 30 June 2020G to SAR 34.9 million during the six months period ended 30 June 2021G. The finance costs recorded in the first half of 2020G were associated with exemptions granted by banks during the Covid-19 outbreak period to support the continuity of businesses.

Other income (net) recorded by the Company between the first half of 2020G and the first half of 2021G came from various revenue streams and mainly included profits from derivative contracts in addition to other expenses and profits including income collected from insurance companies and rent fees for wood pallets. Other income decreased by 23.0% or by SAR 1.4 million from SAR 5.9 million during the six months period ended on 30 June 2020G to SAR 4.5 million during the six months period ended 30 June 2021G. This resulted from settlements related to expenses and costs which were recorded in previous periods and paid during the six months period ended 30 June 2021G.

Profit before zakat increased by 61.8% or by SAR 52.7 million from SAR 85.5 million during the six months period ended on 30 June 2020G to SAR 138.3 million during the six months period ended 30 June 2021G. This was primarily due to fair value gains of SAR 27.3 million on swap derivative liabilities recorded in the first half of 2021G.

Zakat expenses decreased by 7.1% or by SAR 0.5 million from SAR 7.0 million during the six months period ended 30 June 2020G to SAR 6.5 million during the six months period ended 30 June 2021G. Zakat expenses vary from one period to another depending on the zakat base and payments made by the Company to Zakat, Tax and Customs Authority.

Net profit increased by 68.0% or by SAR 53.3 million from SAR 78.5 million during the six months period ended on 30 June 2020G to SAR 131.8 million during the six months period ended 30 June 2021G. This was primarily due to the increase in unrealized gains from swap derivative contracts. This increase was also coupled with an increase in net profit margin from 3.2% to 5.3% between the first half of 2020G and the first half of 2021G.

6-13-1 Revenue

The following table presents an overview of the Company's revenue for the financial periods ended 30 June 2020G and 2021G.

Table (6-48): Revenue

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Sale of goods – retail	2,629.2	2,707.1	3.0%
Sale of goods - wholesale	79.0	81.7	3.4%
Total gross sales	2,708.2	2,788.8	3.0%
Less:			
Trade discounts	(204.3)	(297.5)	45.6%
Customers' loyalty program	(20.9)	(14.2)	(31.9%)
Rebates	(2.8)	(0.6)	(79.2%)
Discounts	**(228.0)**	**(312.3)**	**37.0%**
Net revenue	**2,480.2**	**2,476.5**	**(0.2%)**

Source: Management information

Net revenue decreased by 0.2% or by SAR 3.7 million from SAR 2,480.2 million during the six months period ended 30 June 2020G to SAR 2,476.5 million during the six months period ended 30 June 2021G. This was primarily due to the increase in discounts by 37.0% or by SAR 84.3 million from SAR 228.0 million during the six months period ended 30 June 2020G to SAR 312.3 million during the six months period ended 30 June 2021G.

Sales of goods from retail and wholesale witnessed an increase between the six months period ended on 30 June 2020G and the six months period ended 30 June 2021G.

Retail sales increased by 3.0% or by SAR 77.9 million from SAR 2,629.2 million during the six months period ended on 30 June 2020G to SAR 2,707.1 million during the six months period ended 30 June 2021G. This was mainly driven by the increase in sales related to insurance and other credit customers. Revenue from credit companies was influenced by the increase in sales related to the Wasfaty program which the Company operates in conjunction with one key credit customer. The increase in revenue collected from insurance companies was driven by an increase in market share of the Company's insurance customers.

Wholesale revenue increased by 3.4% or by SAR 2.6 million from SAR 79.0 million during the six months period ended on 30 June 2020G to SAR 81.7 million during the six months period ended 30 June 2021G. This was primarily driven by the increase in sales of health and wellness products after adopting improved marketing and promotional campaigns.

Trade discounts increased by 45.6% or by SAR 93.2 million from SAR 204.3 million during the six months period ended on 30 June 2020G to SAR 297.5 million during the six months period ended 30 June 2021G. This was primarily driven by higher discounts granted to one key credit customer on account of higher sales made to this credit customer (sales made to this client increased by 107.3% or by SAR 148.3 million from SAR 138.2 million during the six months period ended on 30 June 2020G to SAR 286.5 million during the six months period ended 30 June 2021G).

Customers' loyalty program discounts decreased by 31.9% or by SAR 6.7 million from SAR 20.9 million during the six months period ended on 30 June 2020G to SAR 14.2 million during the six months period ended 30 June 2021G. It is worth noting that these discounts vary during the normal course of business and are influenced by the number of redeemed loyalty points.

Rebates decreased by 79.3% or by SAR 2.2 million from SAR 2.8 million during the six months period ended on 30 June 2020G to SAR 0.6 million during the six months period ended 30 June 2021G. The decrease was in the normal business course.

6-13-2 Retail revenue

The following table presents an overview of the Company's retail revenue for the financial periods ended 30 June 2020G and 2021G.

Table (6-49): Retail revenue

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Pharmacies	2,605.1	2,707.0	3.9%
Main warehouse	22.7	0.1	(99.4%)
Nuvola	1.3	-	(100.0%)
Total	**2,629.2**	**2,707.1**	**3.0%**

Source: Management information

Revenue from pharmacies increased by 3.9% or by SAR 101.9 million from SAR 2,605.1 million during the six months period ended 30 June 2020G to SAR 2,707.0 million during the six months period ended 30 June 2021G. As previously discussed, this was largely affected by the increase in revenue collected from insurance and other credit customers.

Revenue from the main warehouse decreased from SAR 22.7 million during the six months period ended on 30 June 2020G to SAR 0.1 million during the six months period ended 30 June 2021G. It is worth noting that warehouse sales fluctuate on a regular basis. In the first half of 2020G, the Company recorded high value sales to various suppliers. These large orders were initially requested from pharmacies but were transferred to the main warehouse due to high volumes required and to ease the process of products shipment amid the imposed regulations by the official authorities during Covid-19 outbreak. No similar high value orders were requested and transferred to the main warehouse in the first half of 2021G.

Revenue from Nuvola decreased from SAR 1.3 million during the six months period ended on 30 June 2020G to nil during the six months period ended 30 June 2021G. As previously discussed, stores selling Nuvola stores were gradually closed due to the lack of desired profitability levels.

6-13-3 Revenue by customer type

The following table presents an overview of the Company's revenue by customer type for the financial periods ended 30 June 2020G and 2021G.

Table (6-50): Revenue by customer type

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Walk-in customers	2,260.8	2,188.4	(3.2%)
Insurance companies	155.2	182.0	17.3%
Credit customers	144.5	288.6	99.7%
Online sales	68.7	48.2	(29.8%)
Total	**2,629.2**	**2,707.1**	**3.0%**

Source: Management information

Revenue from walk-in customers accounted for 86% and 80.8% of total retail sales during the six months period ended 30 June 2020G and the six months period ended 30 June 2021G. Revenue from walk-in customers did not witness material fluctuation between both periods as it decreased by 3.2% or by SAR 72.4 million from SAR 2,260.8 million during the six months period ended 30 June 2020G to SAR 2,188.4 during the six months period ended 30 June 2021G. This was the result of a gradual decline in sales of various products related to personal care and protection from Covid-19 outbreak (masks and gloves). It is worth noting that the demand for the Covid-19 related products and all pharmaceutical products reached its peak during the Covid-19 outbreak phase particularly since pharmacies became a key destination for walk-in customers during the lockdown. Demand slowed down relatively in the first half of 2021G following the easing of the Covid-19 related restrictions and the abundance of these products in supermarkets and other stores.

Revenue generated from insurance companies increased by 17.3% or by SAR 26.8 million from SAR 155.2 million during the six months period ended on 30 June 2020G to SAR 182.0 million during the six months period ended 30 June 2021G. As previously discussed, this resulted from an increase in the market share of the Company's insurance customers.

Revenue from credit customers increased by 97.0% or by SAR 144.1 million from SAR 144.5 million during the six months period ended on 30 June 2020G to SAR 288.6 million during the six months period ended 30 June 2021G. This was primarily due to an increase in sales attributable to one of the key semi-governmental clients. It is worth noting this customer's role in serving public health as MOH's representative responsible of supplying all the pharmaceutical products and consumables to the public hospitals and medical centres as well as directing patients to visit the Company's pharmacies to obtain their medications (as part of "**Wasfaty**" program). Sales to the semi-Governmental client increased by 107.3% or by SAR 148.3 million from SAR 138.2 million during the six months period ended on 30 June 2020G to SAR 286.5 million during the six months period ended 30 June 2021G.

Revenue from online sales decreased by 29.8% or by SAR 20.5 million from SAR 68.7 million during the six months period ended on 30 June 2020G to SAR 48.2 million during the six months period ended 30 June 2021G. It is worth noting that online sales have exceptionally flourished during Covid-19 outbreak and therefore the aforementioned decline is considered in the normal course of business.

6-13-4 Revenue from insurance companies

The following table presents an overview of the Company's revenue from insurance companies for the financial periods ended 30 June 2020G and 2021G.

Table (6-51): Revenue from insurance companies

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Insurance client 1	79.4	75.0	(5.6%)
Insurance client 2	24.3	27.7	14.2%
Insurance client 3	8.7	15.2	74.0%

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Insurance client 4	6.4	13.6	113.5%
Insurance client 5	5.2	9.5	81.7%
Insurance client 6	8.6	9.2	7.1%
Insurance client 7	6.4	9.0	41.2%
Insurance client 8	4.7	8.0	71.1%
Insurance client 9	2.6	5.1	96.9%
Insurance client 10	6.6	4.8	(27.1%)
Insurance client 11	2.2	4.8	114.3%
Total	**155.2**	**182.0**	**17.3%**

Source: Management information

Revenue generated from insurance companies were largely associated with client 1 and client 2. Revenue generated from these two clients accounted for 66.9% and 56.5% of total revenue that the Company collected from the insurance companies in the first half of 2020G and the first half of 2021G.

Revenue generated from insurance companies increased by 17.3% or by SAR 26.8 million from SAR 155.2 million during the six months period ended on 30 June 2020G to SAR 182.0 million during the six months period ended 30 June 2021G. As previously discussed, this resulted from an increase in the market share of the Company's insurance customers.

6-13-5 Revenue by credit customer

The following table presents an overview of the Company's revenue by credit customer for the financial periods ended 30 June 2020G and 2021G.

Table (6-52): Revenue by credit customer

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Client 1	138.2	286.5	107.3%
Others	6.3	2.1	(67.2%)
Total	**144.5**	**288.6**	**99.7%**

Source: Management information

Total revenue generated from credit customers increased by 99.7% or by SAR 144.1 million from SAR 144.5 million during the six months period ended on 30 June 2020G to SAR 288.6 million during the six months period ended 30 June 2021G. This primarily resulted from the increase in revenue from client 1 due to the gradual expansion of its role in serving public health as MOH's representative.

Other credit customers include private commercial companies. Revenue generated from other credit customers decreased by 67.2% or by SAR 4.2 million from SAR 6.3 million during the six months period ended on 30 June 2020G to SAR 2.1 million during the six months period ended 30 June 2021G.

6-13-6 Wholesale revenue by key customers

The following table presents an overview of the Company's wholesale revenue by key customers for the financial periods ended 30 June 2020G and 2021G.

Table (6-53): Revenue by wholesale customer

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Wholesale customer 1	2.4	2.4	(1.0%)
Wholesale customer 2	-	1.9	N/A
Wholesale customer 3	2.3	1.7	(27.2%)
Wholesale customer 4	0.8	1.3	65.4%
Wholesale customer 5	3.8	1.1	(70.3%)
Wholesale customer 6	2.0	1.1	(44.5%)
Wholesale customer 7	-	1.1	N/A
Wholesale customer 8	1.4	1.0	(25.4%)
Wholesale customer 9	0.5	1.0	78.9%
Wholesale customer 10	0.8	1.0	28.1%
Others	65.0	68.1	4.8%
Total	**79.0**	**81.7**	**3.4%**

Source: Management information

Wholesale revenue increased by 3.4% or by SAR 2.6 million from SAR 79.0 million during the six months period ended on 30 June 2020G to SAR 81.7 million during the six months period ended 30 June 2021G. This was primarily driven by the increase in sales of health and wellness products after adopting improved marketing and promotional campaigns.

6-13-7 Revenue by product category

The following table presents an overview of the Company's revenue by product category for the financial periods ended 30 June 2020G and 2021G.

Table (6-54): Revenue by product category

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Retail			
Health, wellness and others	1,735.7	1,630.1	(6.1%)
Pharmaceuticals	893.5	1,077.0	20.5%
	2,629.2	2,707.1	3.0%
Wholesale			
Consumer and others	46.0	43.3	(6.0%)
Healthcare	33.0	38.4	16.4%
	79.0	81.7	3.4%
Discounts	(228.0)	(312.3)	37.0%
Total	**2,480.2**	**2,476.5**	**(0.2%)**

Source: Management information

Retail revenue increased by 3.0% or by SAR 77.9 million from SAR 2,629.2 million during the six months period ended on 30 June 2020G to SAR 2,707.1 million during the six months period ended 30 June 2021G. This was primarily due to the increase in sales of pharmaceutical products by 20.5% or by SAR 183.5 million from SAR 893.5 million during the six months period ended on 30 June 2020G to SAR 1,077.0 million during the six months period ended 30 June 2021G. This was largely attributable to the increase in sales generated from the key semi-governmental client and the insurance companies.

Wholesale revenue increased by 3.4% or by SAR 2.6 million from SAR 79.0 million during the six months period ended on 30 June 2020G to SAR 81.7 million during the six months period ended 30 June 2021G. As previously discussed, this was primarily driven by improved marketing and promotional campaigns.

6-13-8 Vintage analysis of retail sales

The following table presents an overview of the Company's vintage analysis of gross retail sales for the financial periods ended 30 June 2020G and 2021G.

Table (6-55): Vintage analysis of gross retail sales

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Existing pharmacies	2,583.4	2,632.9	1.9%
Pharmacies opened in first half of 2020G	21.7	56.0	158.5%
Pharmacies opened in first half of 2021G	-	18.1	N/A
	2,605.1	2,707.0	3.9%
Main warehouse	22.7	0.1	(99.4%)
Nuvola	1.3	-	(100.0%)
Total	**2,629.2**	**2,707.1**	**3.0%**

Source: Management information

Revenue from pharmacies increased by 3.9% or by SAR 101.9 million from SAR 2,605.1 million during the six months period ended on 30 June 2020G to SAR 2,707.0 million during the six months period ended 30 June 2021G. This was primarily due to the increase in revenue from existing pharmacies by 1.9% or by SAR 49.4 million from SAR 2,583.4 million during the six months period ended on 30 June 2020G to SAR 2,632.9 million during the six months period ended 30 June 2021G. Revenue from pharmacies opened in the first half of 2020G increased by SAR 34.3 million and from pharmacies opened in the first half of 2021G increased by SAR 18.1 million. As previously discussed, annual sales from pharmacies are expected to witness gradual growth since the number of customers attracted and served by the pharmacy in its geographical scale is expected to grow between periods and during the normal business course unless the performance of the pharmacy has deteriorated. We also previously mentioned that newly opened pharmacies in a certain year require up to six months period to start achieving significant revenues.

6-13-9 Discounts

The following table presents an overview of the Company's discounts for the financial periods ended 30 June 2020G and 2021G.

Table (6-56): Discounts

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Trade discounts			
Sales discount	132.8	246.1	85.3%
Bonus discount	4.5	3.4	(23.7%)
Promotion discount	67.0	48.0	(28.4%)
	204.3	297.5	45.6%

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Customers' loyalty program	20.9	14.2	(31.9%)
Rebate discount	2.8	0.6	(79.2%)
Total	**228.0**	**312.3**	**37.0%**

Source: Management information

Trade discounts increased by 45.6% or by SAR 93.2 million from SAR 204.3 million during the six months period ended on 30 June 2020G to SAR 297.5 million during the six months period ended 30 June 2021G. This was primarily due to the increase in sales discounts by 85.3% or by SAR 113.2 million from SAR 132.8 million during the six months period ended on 30 June 2020G to SAR 246.1 million during the six months period ended 30 June 2021G. This was primarily attributable to discounts granted to one of the Company's semi-governmental customers following the increase in sales to this customer as previously discussed.

Bonus discounts decreased by 23.7% or by SAR 1.1 million from SAR 4.5 million during the six months period ended on 30 June 2020G to SAR 3.4 million during the six months period ended 30 June 2021G. This was mainly due to the decline in donations made by the Company.

Promotion discounts decreased by 28.4% or by SAR 19.0 million from SAR 67.0 million during the six months period ended on 30 June 2020G to SAR 48.0 million during the six months period ended 30 June 2021G. This was mainly due to the decline in scope and frequency of promotional and marketing activities in the first half of 2021G.

Customers' loyalty program decreased by 31.9% or by SAR 6.7 million from SAR 20.9 million during the six months period ended on 30 June 2020G to SAR 14.2 million during the six months period ended 30 June 2021G. These discounts vary during the normal business course depending on the number of customers registered in the loyalty program and the number of accumulated and redeemed loyalty points.

Rebate discounts decreased by 79.2% or by SAR 2.2 million from SAR 2.8 million during the six months period ended on 30 June 2020G to SAR 0.6 million during the six months period ended 30 June 2021G. It is worth noting that these discounts are not only affected by the volume of wholesale revenue but also by the type of purchased products since these discounts are associated with products mentioned in the contracts formulated with the wholesale customers.

6-13-10 Cost of sales

The following table presents an overview of the Company's cost of sales for the financial periods ended 30 June 2020G and 2021G.

Table (6-57): Cost of sales

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Pharmacies and main warehouse	1,638.9	1,691.9	3.2%
Wholesale	45.3	47.0	3.8%
Revaluation and price and inv. difference	17.7	32.4	83.2%
Damaged and expired	7.5	8.1	7.4%
Free samples	1.3	0.1	(89.4%)
Unplanned delivery	(0.0)	0.1	337.9%
Discounts earned	(4.5)	(2.1)	(54.1%)
	1,706.2	1,777.5	4.2%
Commercial income	(203.0)	(211.0)	3.9%
Total	**1,503.1**	**1,566.5**	**4.2%**

Source: Management information

Costs of pharmacies and main warehouse increased by 3.2% or by SAR 53.0 million from SAR 1,638.9 million during the six months period ended on 30 June 2020G to SAR 1,691.9 million during the six months period ended 30 June 2021G. This increase was in line with the increase in gross retail sales between both periods.

Cost of sales associated with wholesale sales increased by 3.8% or by SAR 1.7 million from SAR 45.3 million during the six months period ended on 30 June 2020G to SAR 47.0 million during the six months period ended 30 June 2021G. This was in line with the increase in wholesale revenue between both periods.

Total costs of revaluation, price and inventory difference increased by 83.2% or by SAR 14.7 million from SAR 17.7 million during the six months period ended on 30 June 2020G to SAR 32.4 million during the six months period ended 30 June 2021G. This was primarily due to the Company tightening controls on inventories and conducting a series of stock counts to ensure accuracy of the inventory figures recorded in the Company's books. All the inventory difference adjustments which resulted from these counts were reflected as part of cost of sales.

Costs of damaged and expired products increased by 7.4% or by SAR 0.6 million from SAR 7.5 million during the six months period ended on 30 June 2020G to SAR 8.1 million during the six months period ended 30 June 2021G. As previously discussed, this increase was mainly associated with importing large volumes of private-branded products aimed to improve the sales and distribution of these products in the Saudi market. Increase in the volume of shipments triggered a corresponding increase in the quantities of expired items during the first half of 2021, particularly because shipment processes became time consuming and logistically challenging during the Covid-19 pandemic phase.

Costs of free samples decreased by 89.4% or by SAR 1.2 million from SAR 1.3 million during the six months period ended on 30 June 2020G to SAR 0.1 million during the six months period ended 30 June 2021G. This was primarily due to the gradual decline in the volume of free samples products being distributed since Covid-19 outbreak.

Costs for unplanned delivery mainly represent the difference between estimated cost of freight and customs on imported products and the actual cost incurred. As previously discussed, these costs fluctuate during the normal course of business.

Discounts earned decreased by 54.1% or by SAR 2.4 million from SAR 4.5 million during the six months period ended on 30 June 2020G to SAR 2.1 million during the six months period ended 30 June 2021G. This was on account of lower discounts granted from suppliers.

Commercial income increased by 3.9% or by SAR 7.9 million from SAR 203.0 million during the six months period ended 30 June 2020G to SAR 211.0 million during the six months period ended 30 June 2021G. This was primarily due to the increase in logistics support income in the first half of 2021G. It is worth noting that while commercial income fluctuates on a regular basis, Covid-19 outbreak has partially contributed to a decline in the components of commercial income in the first half of 2020G since a major component of this income is related to training sessions and marketing campaigns which were severely impacted since the beginning of the outbreak.

6-13-11 Selling & distribution expenses

The following table presents an overview of the Company's selling and distribution expenses for the financial periods ended 30 June 2020G and 2021G.

Table (6-58): Selling & distribution expenses

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Employees' cost	431.1	441.6	2.4%
Depreciation of right-of-use assets	98.4	94.4	(4.0%)
Depreciation of property and equipment	60.3	63.6	5.4%
Marketing, advertising and sales promotions	24.2	19.9	(17.9%)
Utilities	12.7	17.2	35.5%
Repair and maintenance	10.2	9.3	(9.1%)
Governmental fees	9.1	8.7	(4.6%)
Travel and transportation	6.8	6.3	(7.0%)
Point of sale commissions	2.7	6.3	135.3%

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Stationery and printing	2.9	1.9	(34.4%)
Cargo and packing	5.9	1.4	(75.7%)
Insurance	3.4	4.2	21.2%
IT services	3.0	0.3	(90.6%)
Gifts and free samples	-	0.7	N/A
Car rent and expenses	6.7	7.7	15.4%
Others	21.1	22.5	6.6%
Total	**698.5**	**705.9**	**1.1%**

Source: Management information

Employees' cost increased by 2.4% or by SAR 10.5 million from SAR 431.1 million during the six months period ended on 30 June 2020G to SAR 441.6 million during the six months period ended 30 June 2021G. This can be attributed to higher numbers of employees which were gradually recruited during 2020G to cope with the increased business activity. Further, expenses also increased due to higher commissions to the sales agents and supervisors who were able to exceed the present sales targets during the Covid-19 pandemic.

Depreciation of right-of-use assets decreased by 4.0% or by SAR 4.0 million from SAR 98.4 million during the six months period ended on 30 June 2020G to SAR 94.4 million during the six months period ended 30 June 2021G. This was primarily driven by the fact that a number of the lease contracts were reaching their expiry date as at 30 June 2021G.

Depreciation of property and equipment classified under selling and distribution expenses did not witness material fluctuation between the six months period ended on 30 June 2020G and the six months period ended 30 June 2021G. Depreciation of property and equipment increased by 5.4% or by SAR 3.3 million from SAR 60.3 million during the six months period ended on 30 June 2020G to SAR 63.6 million during the six months period ended 30 June 2021G. This was mainly associated with the new fixed assets placed in the newly opened pharmacies.

Marketing, advertising and sales promotions decreased by 17.9% or by SAR 4.3 million from SAR 24.2 million during the six months period ended on 30 June 2020G to SAR 19.9 million during the six months period ended 30 June 2021G. This was primarily due to a relative decline in the scope and frequency of promotional activities.

Utilities promotions increased by 35.5% or by SAR 4.5 million from SAR 12.7 million during the six months period ended on 30 June 2020G to SAR 17.2 million during the six months period ended 30 June 2021G. It is worth noting that these expenses fluctuate during the normal business course and the aforementioned increase was driven by the increase in the number of pharmacies between the first half of 2020G and the first half of 2021G.

Repair and maintenance decreased by 9.1% or by SAR 1.0 million from SAR 10.2 million during the six months period ended on 30 June 2020G to SAR 9.3 million during the six months period ended 30 June 2021G. This was mainly due to lower maintenance associated with vehicles as the Company's vehicles were being replaced gradually during 2020G and significant additions to the fleet were made. Hence, the number and frequency of required maintenance declined.

Governmental fees decreased by 4.6% or by SAR 0.4 million from SAR 9.1 million during the six months period ended on 30 June 2020G to SAR 8.7 million during the six months period ended 30 June 2021G. This was primarily due to the gradual decline in renewal fees of commercial registrations since changes in regulation allowed the Company to operate several pharmacies under the umbrella of one lead region without the need to issue commercial registrations for each branch.

Travel and transportation decreased by 7.0% or by SAR 0.5 million from SAR 6.8 million during the six months period ended on 30 June 2020G to SAR 6.3 million during the six months period ended 30 June 2021G. This was in the normal course of business and resulted from an immaterial decline in the number of business trips aimed to promote marketing initiatives for the Company.

Point of sale commissions increased by 135.3% or by SAR 3.6 million from SAR 2.7 million during the six months period ended on 30 June 2020G to SAR 6.3 million during the six months period ended 30 June 2021G. This was driven by a higher proportion of customers that now prefer to use electronic payment compared to cash since the Covid-19 outbreak.

Stationery and printing expenses did not witness material fluctuation between the six months period ended on 30 June 2020G and the six months period ended 30 June 2021G. Stationery and printing decreased by 34.4% or by SAR 1.0 million from SAR 2.9 million during the six months period ended on 30 June 2020G to SAR 1.9 million during the six months period ended 30 June 2021G. This was in the normal course of business.

Cargo and packing expenses decreased by 75.7% or by SAR 4.5 million from SAR 5.9 million during the six months period ended on 30 June 2020G to SAR 1.4 million during the six months period ended 30 June 2021G. This was largely due to the high cargo and packing expenses incurred during the six months period ended 30 June 2020G and associated with the extensive use of specialized packaging and cargo techniques to ensure safety of products and users following the outbreak of Covid-19.

Insurance increased by 21.2% or by SAR 0.7 million from SAR 3.4 million during the six months period ended on 30 June 2020G to SAR 4.2 million during the six months period ended 30 June 2021G. This was mainly due the increase in the price of car insurance policies as well as the increase in the number of vehicles covered by the policy after the Company acquired new vehicles to cope with the increasing business requirements.

IT services decreased by 90.6% or by SAR 2.7 million from SAR 3.0 million during the six months period ended on 30 June 2020G to SAR 0.3 million during the six months period ended 30 June 2021G. This was mainly due to the exceptionally high IT services costs which were incurred in the first half of 2020G for the upgrade of laptops and installation of new applications to facilitate remote working during Covid-19 outbreak.

Gifts and free samples increased from nil during the six months period ended 30 June 2020G to SAR 0.7 million during the six months period ended 30 June 2021G. This was mainly due to higher volumes of samples distributed for marketing of the Company's private label products which witnessed an increase in sales in the first half of 2021G.

Car rent and expenses increased by 15.4% or by SAR 1.0 million from SAR 6.7 during the six months period ended on 30 June 2020G to SAR 7.7 million during the six months period ended 30 June 2021G. This was primarily due to the increase in the number of vehicles rented and used by the Company.

Others increased by 6.6% or by SAR 1.4 million from SAR 21.1 million during the six months period ended on 30 June 2020G to SAR 22.5 million during the six months period ended 30 June 2021G. This was mainly due to higher engineering, hospitality and various other expenses that were in the normal course of business.

6-13-12 General & administrative expenses

The following table presents an overview of the Company's general and administrative expenses for the financial periods ended 30 June 2020G and 2021G.

Table (6-59): General & administrative expenses

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Employees' cost	30.6	32.2	5.5%
IT services	9.4	11.3	20.5%
Professional fees	0.5	2.8	416.9%
Depreciation of property and equipment	1.0	1.6	64.2%
Travel	0.4	0.6	35.0%
Vehicles expenses	0.3	0.1	(52.2%)
Others	13.3	14.0	5.6%
Total	**55.5**	**62.8**	**13.1%**

Source: Management information

Employees' cost increased by 5.5% or by SAR 1.7 million from SAR 30.6 million during the six months period ended on 30 June 2020G to SAR 32.2 million during the six months period ended 30 June 2021G. This was mainly due to higher employee salaries in the beginning of 2021G.

IT services increased by 20.5% or by SAR 1.9 million from SAR 9.4 million during the six months period ended on 30 June 2020G to SAR 11.3 million during the six months period ended 30 June 2021G. This was driven by the revision of the IT services contract which triggered an increase in its associated fees.

Professional fees increased by 416.9% or by SAR 2.3 million from SAR 0.5 million during the six months period ended on 30 June 2020G to SAR 2.8 million during the six months period ended 30 June 2021G. This was mainly driven by consulting fees incurred by the Company in connection to the initial public offering transaction.

Depreciation of property and equipment classified under general and administrative expenses did not witness material fluctuation between the six months period ended on 30 June 2020G and the six months period ended 30 June 2021G. Depreciation of property and equipment increased by 64.2% or by SAR 0.6 million from SAR 1.0 million during the six months period ended on 30 June 2020G to SAR 1.6 million during the six months period ended 30 June 2021G. This was in normal course of business.

Travel expenses increased by 35.0% or by SAR 0.2 million from SAR 0.4 million during the six months period ended 30 June 2020G to SAR 0.6 million during the six months period ended 30 June 2021G. This was on account of a slight increase in the number trips of the administrative team in the first half of 2021G compared to a lower number of trips in the first half of 2020G.

Vehicles expenses decreased from SAR 0.3 million during the six months period ended 30 June 2020G to SAR 0.1 million during the six months period ended 30 June 2021G. These expenses fluctuate during the normal business course and are affected by the usage and maintenance of vehicles.

Others increased by 5.6% or by SAR 0.7 million from SAR 13.3 million during the six months period ended on 30 June 2020G to SAR 14.0 million during the six months period ended 30 June 2021G. This was driven by higher stationary, repair and maintenance expenses.

6-13-13 Finance costs

The following table presents an overview of the Company's finance costs for the financial periods ended 30 June 2020G and 2021G.

Table (6-60): Finance costs

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Interest on borrowings and bank overdrafts	13.6	18.6	36.9%
Interest on lease liabilities	13.6	14.4	5.9%
Interest cost on employees' terminal benefits	1.5	1.8	20.2%
Total	**28.7**	**34.9**	**21.3%**

Source: Management information

Interest on borrowings and bank overdrafts increased by 36.9% or by SAR 5.0 million from SAR 13.6 million during the six months period ended 30 June 2020G to SAR 18.6 million during the six months period ended 30 June 2021G. As previously discussed, the lower interest costs incurred in the first half of 2020G were affected by the fact that the Company was exempted from a portion of finance charges as part of banks' initiatives to support businesses during Covid-19.

Interest on lease liabilities increased by 5.9% or by SAR 0.8 million from SAR 13.6 million during the six months period ended on 30 June 2020G to SAR 14.4 million during the six months period ended 30 June 2021G. This was on account of higher lease charges following the revision and the amendment of a large number of lease contracts.

Interest cost on employees' terminal benefits increased by 20.2% or by SAR 0.3 million from SAR 1.5 million during the six months period ended on 30 June 2020G to SAR 1.8 million during the six months period ended 30 June 2021G. It is worth noting that these costs are derived from and affected by the actuarial reports that evaluate employees' terminal benefits.

6-13-14 Other income

The following table presents an overview of the Company's other income for the financial periods ended 30 June 2020G and 2021G.

Table (6-61): Other income

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Gain (loss) on swap derivative instruments	3.8	2.0	(47.6%)
Previous years adjustments	(1.4)	(5.4)	292.2%
Loss on disposal of property and equipment	(3.0)	(1.2)	(59.7%)
Gains on investments	2.3	5.8	156.3%
Income from Human Resource Development Fund	0.8	1.8	138.8%
Others, net	3.4	1.6	(54.9%)
Total	**5.9**	**4.5**	**(23.0%)**

Source: Management information

Gain (loss) on swap derivative instruments decreased by 110.6% or by SAR 4.2 million from SAR 3.8 million during the six months period ended 30 June 2020G to SAR 2.0 million during the six months period ended 30 June 2021G. These gains vary on a regular basis.

Previous years adjustments represent expenses for bills that were issued for certain periods but paid in subsequent periods. Payment of such expenses can be delayed during the normal busines course for technical reasons or to check the accuracy of the corresponding bills.

The Company recorded a loss on disposal of property and equipment for SAR 3.0 million and SAR 1.2 million during the six months period ended on 30 June 2020G and the six months period ended 30 June 2021G, respectively. This was mainly associated with the disposal of assets and furniture placed in pharmacies that were closed in both periods.

The Company recorded gains on investments for SAR 2.3 million and SAR 5.8 million during the six months period ended 30 June 2020G and the six months period ended 30 June 2021G, respectively. These were associated with investments held in SPIMACO and Saudi Aramco.

The Company recorded income from the Human Resource Development Fund amounting to SAR 0.8 million and SAR 1.8 million during the six months period ended on 30 June 2020G and the six months period ended 30 June 2021G, respectively. These funds are associated with the initiatives offered by the Human Resource Development Fund to support the training and other requirements of the Saudi staff. Such income/support fluctuates during the normal business course.

Others mainly included laboratory testing expenses, rent fees for wood pallets and other income. Others decreased by 54.9% or by SAR 1.9 million from SAR 3.4 million during the six months period ended on 30 June 2020G to SAR 1.6 million during the six months period ended 30 June 2021G. This was in the normal course of business.

6-13-15 Zakat

Zakat estimated expenses decreased by 7.1% or by SAR 0.5 million from SAR 7.0 million during the six months period ended on 30 June 2020G to SAR 6.5 million during the six months period ended 30 June 2021G. As previously discussed, Zakat expenses vary from one period to another depending on the zakat base and payments made by the Company to Zakat, Tax and Customs Authority.

6-13-16 Net profit

Net profit increased by 68.0% or by SAR 53.3 million from SAR 78.5 during the six months period ended on 30 June 2020G to SAR 131.8 million during the six months period ended 30 June 2021G. This was primarily driven by the unrealized gains from swap derivative contracts for SAR 27.3 million in the first half of 2021G. This was also coupled with an increase in net profit margin from 3.2% to 5.3% between the first half of 2020G and the first half of 2021G.

6-14 Balance sheet

The following table presents the Company's balance sheet as at 31 December 2020G and 30 June 2021G.

Table (6-62): Balance sheet

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Assets			
Non-current assets	1,651.0	1,931.8	17.0%
Current assets	1,893.5	1,795.2	(5.2%)
Total assets	**3,544.5**	**3,727.0**	**5.1%**
Liabilities			
Non-current liabilities	680.1	805.6	18.5%
Current liabilities	1,751.6	1,668.1	(4.8%)
Total liabilities	**2,431.7**	**2,473.7**	**1.7%**
Equity			
Total equity	1,112.8	1,253.3	12.6%
Total liabilities and equity	**3,544.5**	**3,727.0**	**5.1%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Total assets increased by 5.1% or by SAR 182.5 million from SAR 3,544.5 million at 31 December 2020G to SAR 3,727.0 million at 30 June 2021G. This was mainly due to the increase in non-current assets by 17.0% or by SAR 280.8 million from SAR 1,651.0 million at 31 December 2020G to SAR 1,931.8 million at 30 June 2021G. On the other hand, current assets decreased by 5.2% or by SAR 98.3 million from SAR 1,893.5 million at 31 December 2020G to SAR 1,795.2 million at 30 June 2021G.

Total equity increased by 12.6% or by SAR 140.5 million from SAR 1,112.8 million at 31 December 2020G to SAR 1,253.3 million at 30 June 2021G. This was originally driven by the increase in retained earnings from SAR 994.0 million to SAR 1,125.8 million between both periods.

It should be noted that the Company's shareholders decided to on March 28, 2021 increase the Company's share capital from SAR 10 million to SAR 850 million through the transfer of SAR 788.5m from retained earnings and SAR 51.5m from proposed increase in capital. The corresponding legal formalities of the share capital increase have been completed by the first quarter in 2021G.

Total liabilities increased by 1.7% or by SAR 42.0 million from SAR 2,431.7 million at 31 December 2020G to SAR 2,473.7 million at 30 June 2021G. This was mainly due to the increase in non-current liabilities by 18.5% or by SAR 125.5 million from SAR 680.1 million at 31 December 2020G to SAR 805.6 million at 30 June 2021G. On the other hand, current assets decreased by 4.8% or by SAR 83.5 million from SAR 1,751.6 million at 31 December 2020G to SAR 1,668.1 million at 30 June 2021G.

6-14-1 Non-current assets

The following table presents the Company's non-current assets as at 31 December 2020G and 30 June 2021G.

Table (6-63): Non-current assets

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Property & equipment	658.0	682.3	3.7%
Right-of-use assets	756.3	902.7	19.4%
Intangible assets	19.2	18.2	(5.7%)
Investment in unconsolidated subsidiaries	0.2	0.2	-
Equity instruments designated at FVOCI	217.2	328.4	51.2%
Total non-current assets	**1,651.0**	**1,931.8**	**17.0%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Non-current assets increased by 17.0% or by SAR 280.8 million from SAR 1,651.0 million at 31 December 2020G to SAR 1,931.8 million at 30 June 2021G. This was primarily driven by the increase in right-of-use assets and equity instruments designated at FVOCI. Right-of-use assets increased by 19.4% or by SAR 146.4 million from SAR 756.3 million at 31 December 2020G to SAR 902.7 million at 30 June 2021G. This was due to additions made on account of new contracts associated with the new pharmacies opened during the period. Hence, equity instruments designated at FVOCI increased as a result of further investment in shares made by the Company in listed companies.

a) Property and equipment

The following table presents the Company's property and equipment as at 31 December 2020G and 30 June 2021G.

Table (6-64): Property and equipment

SAR'm	As at 31 December	As at 30 June	Increase / (Decrease)
	2020G	2021G	June 2021G
Land	37.1	37.1	N/A
Leasehold improvements	188.5	193.9	2.9%
Motor vehicles and distribution vans	31.5	33.1	5.0%
Furniture and fixtures	81.7	75.7	(7.4%)
Office equipment	27.3	30.7	12.3%
Building	185.4	191.2	3.1%
Tools and airconditioners	20.9	22.9	9.8%
CWIP	85.6	97.7	14.2%
Total	**658.0**	**682.3**	**3.7%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

The net book value for property and equipment did not witness material fluctuation between 31 December 2020G and 30 June 2021G. The balance recorded an immaterial increase of 3.7% or by SAR 24.3 million from SAR 658.0 million at 31 December 2020G to SAR 682.3 million at 30 June 2021G. This increase was primarily driven by higher net book value associated with CWIP after the rise in number of pharmacies expected to open since the Company opened twenty new pharmacies in the first half of 2021G and is currently working on opening 94 other pharmacies during the year. There are no other high value assets planned to be acquired or leased as at the date of this prospectus.

b) Right-of-use assets and lease liabilities

The following table presents the Company's right-of-use assets and lease liabilities as at 31 December 2020G and 30 June 2021G.

Table (6-65): Right-of-use assets and lease liabilities

SAR'm	As at 31 December	As at 30 June	Increase / (Decrease)
	2020G	2021G	June 2021G
At the beginning of the period	721.5	756.3	4.8%
Additions	192.6	227.8	15.5%
Modifications	8.2	5.4	(34.1%)
Depreciation expense	(166.0)	(86.8)	(47.7%)
At the end of the period	**756.3**	**902.7**	**19.4%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

The balance of right-of-use assets increased by 19.4% or by SAR 146.4 million from SAR 756.3 million at 31 December 2020G to SAR 902.7 million at 30 June 2021G. This was related to additional contracts associated with new pharmacies which the Company opened in the first half of 2021G. As previously discussed, the Company modified lease arrangements for a number of existing pharmacies which modified their lease rate and duration.

c) Intangible assets

The following table presents the Company's intangible assets as at 31 December 2020G and 30 June 2021G.

Table (6-66): Intangible assets

SAR'm	As at 31 December	As at 30 June	Increase / (Decrease)
	2020G	2021G	June 2021G
Cost			
At the beginning of the year	27.8	38.0	37.0%
Additions	10.3	2.6	(74.5%)
At the end of the year	38.0	40.7	6.9%
Accumulated amortization			
At the beginning of the year	14.9	18.8	26.1%
Charge for the year	3.9	3.7	(4.5%)
At the end of the year	18.8	22.5	19.8%
Net book value	**19.2**	**18.2**	**(5.7%)**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

The net book value of intangible assets did not witness material fluctuation between 31 December 2020G and 30 June 2021G. The net book value of intangible assets decreased by 5.7% or by SAR 1.1 million from SAR 19.2 million at 31 December 2020G to SAR 18.2 million at 30 June 2021G. This was mainly due to accumulated amortization recorded in the first half of 2021G.

d) Investment in unconsolidated subsidiaries

As previously discussed, investment in unconsolidated subsidiary was mainly attributable to the Company's investment in Rönzac and Höllinz which are both registered in Germany and are engaged in the licensing (marketing) of pharmaceutical products and any consumer goods and food products. The investment balance did not record any significant fluctuation between 31 December 2020G and 30 June 2021G.

e) Equity instruments designated at FVOCI

The following table presents the Company's equity instruments designated at FVOCI as at 31 December 2020G and 30 June 2021G.

Table (6-67): Equity instruments designated at FVOCI

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Balance 1 January	104.5	217.2	107.9%
Purchases	67.9	23.0	(66.1%)
Remeasurement recognized in OCI	44.9	88.2	96.6%
Balance at 31 December	**217.2**	**328.4**	**51.2%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Equity instruments designated at FVOCI increased by 51.2% or by SAR 111.2 million from SAR 217.2 million at 31 December 2020G to SAR 328.4 million at 30 June 2021G. The increase was driven by new investments acquired and the increase in the fair value of these investments. As mentioned previously, investments were acquired in SPIMACO and Saudi Aramco.

6-14-2 Current assets

The following table presents the Company's current assets as at 31 December 2020G and 30 June 2021G.

Table (6-68): Current assets

SAR'm	As at 31 December	As at 30 June	Increase / (Decrease)
	2020G	2021G	June 2021G
Inventories	1,323.8	1,357.5	2.6%
Accounts receivable and prepayments	529.9	339.1	(36.0%)
Amounts due from related parties	0.1	0.0	(97.5%)
Right of return asset	1.6	0.5	(67.7%)
Bank balances and cash	38.1	98.0	157.3%
Total current assets	**1,893.5**	**1,795.2**	**(5.2%)**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Current assets decreased by 5.2% or by SAR 98.3 million from SAR 1,893.5 million at 31 December 2020G to SAR 1,795.5 million at 30 June 2021G. This was mainly on account of lower accounts receivable and prepayments by 36.0% from SAR 529.9 million at 31 December 2020G to SAR 339.1 million at 30 June 2021G. This was due the decrease in advances to suppliers by 65.0% from SAR 242.0 million to SAR 84.6 million between both periods. This decline was related to the classification of commercial discounts granted by the suppliers to the Company. Refer to section 'accounts receivable and prepayments' below for more details.

a) Inventories

The following table presents the Company's inventories as at 31 December 2020G and 30 June 2021G.

Table (6-69): Inventories

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Inventories relating to pharmacies	1,315.4	1,336.3	1.6%
Inventories relating to distribution	24.0	36.8	53.2%
Total	1,339.4	1,373.2	2.5%
Less: allowance for slow moving inventory items	(15.6)	(15.6)	-
Total	**1,323.8**	**1,357.5**	**2.6%**

Source: Management information

Inventory increased by 2.6% or by SAR 33.8 million from SAR 1,323.8 million as at 31 December 2020G to SAR 1,357.5 million as at 30 June 2021G. This was mainly driven by higher stock volumes since the Company's policy consists of increasing the volumes of stock during the first quarter of every year since demand for products usually increases and reaches its peak during this period of the year, so the Company provides stock and inventories to meet the expected client demand. The balance of slow-moving inventory items did not witness any material fluctuation between 31 December 2020G and 30 June 2021G.

b) Account receivable and prepayments

The following table presents the Company's account receivable and prepayments as at 31 December 2020G and 30 June 2021G.

Table (6-70): Account receivable and prepayments

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Accounts receivable	273.9	237.2	(13.4%)
Prepaid expenses	13.5	29.4	117.6%
Advances to suppliers	242.0	84.6	(65.0%)
Other receivables	28.7	16.2	(43.6%)
Total	558.2	367.4	(34.2%)
Less: allowance for expected credit loss	(28.3)	(28.3)	0.0%
Total	**529.9**	**339.1**	**(36.0%)**

Source: Management information

Accounts receivable and prepayments decreased by 36.0% or by SAR 190.8 million from SAR 529.9 million at 31 December 2020G to SAR 339.1 million at 30 June 2021G. This was mainly due to lower advances to suppliers by 65.0% or by SAR 157.4 million from SAR 242.0 million at 31 December 2020G to SAR 84.6 million at 30 June 2021G. This was mainly related to the classification of commercial discounts granted to the Company by suppliers.

As previously discussed, the Company is granted commercial discounts which are usually recorded under commercial income as part of cost of sales. During the year, management initially records these discounts under a single account and at year end these discounts are allocated to the corresponding suppliers' accounts and are being classified as part of prepaid expenses. As at 30 June 2021G, the aforementioned process was not finalized by management which only recorded these discounts under one single account. As a result, the corresponding discounts balance was deducted from the suppliers' payable accounts instead of being classified as advances to suppliers, which led to the significant decline in advances to suppliers between 31 December 2020G and 30 June 2021G.

The prepayments balance increased by 117.6% or by SAR 15.9 million from SAR 13.5 million at 31 December 2020G to SAR 29.4 million at 30 June 2021G. This was driven by higher prepaid insurance expenses of 226.9% or by SAR 18.0 million from SAR 7.9 million at 31 December 2020G to SAR 25.9 million at 30 June 2021G since the insurance agreements are usually renewed during the month of May of every year.

Other receivables recorded between 31 December 2020G and 30 June 2021G mainly included receivables from the Human Resource Development Fund which supports the Company's Saudi staff. Other receivables also include employee receivables from a number of pharmacies' staff. It is worth noting that the receivable account balances did not record any significant changes between 31 December 2020 and 30 June 2021. Balances of these accounts fluctuate in the normal course of business and do not follow a specific trend. This decline was mainly related to lower employee and subsidy receivables between both periods.

Allowance for expected credit loss

The following table presents the Company's allowance for expected credit loss as at 31 December 2020G and 30 June 2021G.

Table (6-71): Allowance for expected credit loss

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
As at 1 January	28.9	28.3	(3.3%)
Charge/(reversal) for the year	0.8	-	(100.0%)
Write-off	(1.4)	-	(100.0%)
Total	**28.3**	**28.3**	**N/A**

Source: Management information

Allowance for expected credit loss did not witness material fluctuation between 31 December 2020G and 30 June 2021G as the balance remained constant at SAR 28.3 million between both periods. This balance is normally reevaluated at year end after conducting an assessment exercise of the receivable balances to assess the Company's ability to recover these balances.

Aging of retail receivables

The following table presents the Company's aging of retail receivables as at 30 June 2021G.

Table (6-72): Aging of retail receivables

SAR'm	0-30 days	30-60 days	60-90 days	90-120 days	120-150 days	150-180 days	> 180 days	Sum
Retail clients	122.6	2.4	12.0	6.8	3.0	0.4	4.4	151.6
Total	**122.6**	**2.4**	**12.0**	**6.8**	**3.0**	**0.4**	**4.4**	**151.6**

Source: Management information

The aging of retail receivables schedule above indicates that receivables which were past due for a period exceeding 90 days amounted to SAR 14.6 million at 30 June 2021G, representing 9.6% of total receivables at the date. As previously discussed, outstanding receivables were due from insurance companies and were associated with a number of bills which are still being reviewed by these companies before making settlements.

Aging of wholesale receivables

The following table presents the Company's aging of wholesale receivables as at 30 June 2021G.

Table (6-73): Aging of wholesale receivables

SAR'm	Not due	1-90 days	91-150 days	> 150 days	Sum
Wholesale clients	46.6	7.3	1.5	1.8	57.2
Total	**46.6**	**7.3**	**1.5**	**1.8**	**57.2**

Source: Management information

The aging schedule above shows that receivables which were past due for more than 90 days amounted to SAR 3.3 million at 30 June 2021G. Delay in settlements was mainly associated with a number of invoices which were delayed by clients. We have mentioned previously that the provision booked by the Company covered all the long outstanding receivable balances.

Prepaid expenses and other receivables

The following table presents the Company's prepaid expenses and other receivables as at 31 December 2020G and 30 June 2021G.

Table (6-74): Prepaid expenses and other receivables

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Government fees	2.5	1.7	(31.2%)
Medical insurance	7.9	25.9	226.9%
Rent	2.2	1.3	(40.2%)
Visas fees	0.2	0.2	(39.5%)
Others	0.6	0.6	(57.8%)
Total	**13.5**	**29.4**	**117.6%**

Source: Management information

Government fees decreased by 31.2% or by SAR 0.8 million from SAR 2.5 million at 31 December 2020G to SAR 1.7 million at 30 June 2021G. This was mainly due to the continuous amortization of these fees.

Medical insurance expenses increased by 226.9% or by SAR 18.0 million from SAR 7.9 million at 31 December 2020G to SAR 25.9 million at 30 June 2021G since medical insurance treaties are renewed during the month of May. As discussed previously, insurance expenses classified under prepayments mainly represent medical insurance expenses.

Rent decreased by 40.2% or by SAR 0.9 million from SAR 2.2 million at 31 December 2020G to SAR 1.3 million at 30 June 2021G. This was mainly due to the fact that the Company moved to a new head office with a lower rent.

Visas fees are expenses that the Company incurs to issue work visas for its non-Saudi employees that are hired in the normal course of business. Visas fees did not witness material fluctuation between 31 December 2020G and 30 June 2021G.

Others include various expenses that vary in the normal course of business. These recorded an immaterial decline of SAR 0.3 million from SAR 0.6 million at 31 December 2020G to SAR 0.3 million at 30 June 2021G.

c) Amounts due from related parties

Amounts due from related parties decreased from SAR 0.1 million at 31 December 2020G to relatively nil as at 30 June 2021G. The balance at 31 December 2020G was due from Smart Technologies Development Company which is considered a related party as it is belongs to the Company's owners. The amounts due from this related party was related to employee insurance expenses paid on behalf of the related party.

d) Right to return assets

Right to return assets decreased by 67.7% or by SAR 1.1 million from SAR 1.6 million at 31 December 2020G to SAR 0.5 million at 30 June 2021G. As previously discussed, these balances fluctuate during the normal course of business and are influenced by the timing and value of products being returned.

e) Bank balances and cash

The following table presents the Company's bank balances and cash as at 31 December 2020G and 30 June 2021G.

Table (6-75): Bank balances and cash

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Bank balances	32.6	90.4	177.5%
Cash on hand	5.5	7.6	38.2%
Total	**38.1**	**98.0**	**157.3%**

Source: Management information

Bank and cash balances increased by 157.3% or by SAR 59.9 million from SAR 38.1 million at 31 December 2020G to SAR 98.0 million at 30 June 2021G. This was primarily driven by the increase in operating cash flows by 172.6% or by SAR 215.6 million from SAR 153.9 million in the six months period ended 30 June 2020G to SAR 419.5 million in the six months period ended 30 June 2021G.

6-14-3 Shareholders' equity

The following table presents the Company's shareholders equity as at 31 December 2020G and 30 June 2021G.

Table (6-76): Shareholders' equity

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Share capital	10.0	850.0	8,400.0%
Proposed increase in capital	51.5	-	(100.0%)
Statutory reserve	5.0	5.0	-
Retained earnings	994.0	257.8	(74.1%)
FV reserve of equity instruments designated at FVOCI	52.3	140.5	168.6%
Total partners' equity	1,112.8	1,253.3	12.6%

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Share capital

Share capital consists of 85 million shares of SAR 10 each. As previously discussed, the Company's shareholders decided on 28 March 2021G to increase the Company's capital from SAR 10.0 million to SAR 850.0 million through the transfer of SAR 788.5 million from retained earnings and SAR 51.5 million from proposed increase in capital. Legal formalities for the increase in share capital have been completed during the second quarter in 2021G (For more information, please see Section 4-1-2 "**Corporate History and Evolution of Capital**" of this Prospectus).

Proposed increase in capital

As previously discussed, the Company's partners decided to increase the Company's capital from SAR 10.0 million to SAR 850.0 million during the first quarter in 2021G. The increase in capital was made through the transfer of SAR 788.5 million from retained earnings to the proposed increase in capital. The corresponding legal formalities have been completed during the second quarter in 2021G (For more information, please see Section 4-1-2 "**Corporate History and Evolution of Capital**" of this Prospectus).

Statutory reserve

There was no movement in statutory reserve between 31 December 2020G and 30 June 2021G.

Retained earnings

Retained earnings decreased by 74.1% or by SAR 736.2 million from SAR 994.0 million at 31 December 2020G to SAR 257.8 million at 30 June 2021G. This primarily resulted from the transfer of SAR 788.5 million from retained earnings in order to increase share capital as discussed above.

6-14-4 Non-current liabilities

The following table presents the Company's non-current liabilities as at 31 December 2020G and 30 June 2021G.

Table (6-77): Non-current liabilities

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Lease liability	576.0	689.7	19.8%
Employees' terminal benefits	104.1	115.8	11.3%
Total non-current liabilities	**680.1**	**805.6**	**18.5%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Non-current liabilities increased by 18.5% or by SAR 122.5 million from SAR 680.1 million at 31 December 2020G to SAR 805.6 million at 30 June 2021G. This primarily resulted from the increase in lease liabilities in connection to the new stores leased for new pharmacies.

a) Lease liability

The following table presents the Company's lease liability as at 31 December 2020G and 30 June 2021G.

Table (6-78): Lease liability

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Balance at the beginning of the period	733.2	764.6	4.3%
Additions	192.6	227.8	18.3%
Modifications and disposals	1.5	3.8	153.3%
Accretion of interest	28.3	14.4	(49.1%)
Payments	(191.0)	(103.5)	(45.8%)
Balance at the end of the period	**764.6**	**907.1**	**18.6%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Lease liabilities increased by 18.6% or by SAR 142.6 million from SAR 764.6 million at 31 December 2020G to SAR 907.1 million at 30 June 2021G. This primarily resulted from the increase in lease liabilities in connection to the new stores leased for new pharmacies opened in the first half of 2021G. It is worth noting that the balance at the end of the period shown in the above table includes both the current and non-current portions of lease liabilities in connection to the new stores leased for new pharmacies.

b) Employees' terminal benefits

Employees' terminal benefits increased by 11.3% or by SAR 11.7 million from SAR 104.1 million at 31 December 2020G to SAR 115.8 million at 30 June 2021G. It is worth noting that no actuarial valuation was performed by the Company in the first half of 2021G. Instead, the recorded employees' terminal benefits was an estimate based on the assumptions highlighted in the actuarial report of 2020G.

6-14-5 Current liabilities

The following table presents the Company's current liabilities as at 31 December 2020G and 30 June 2021G.

Table (6-79): Current liabilities

SAR'm	As at 31 December	As at 30 June	Increase / (Decrease)
	2020G	2021G	June 2021G
Refund liability	2.8	1.2	(58.5%)
Accounts payable and accruals	456.2	447.4	(1.9%)
Amounts due to related parties	38.2	22.4	(41.2%)
Current portion of lease liabilities	188.6	217.4	15.2%
Contract liabilities	39.6	39.5	(0.2%)
Short term loans and bank overdrafts	891.0	839.0	(5.8%)
Swap derivatives liabilities	114.9	87.6	(32.8%)
Zakat provision	20.3	13.6	(32.8%)
Total current liabilities	**1,751.6**	**1,668.1**	**(4.8%)**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Current liabilities decreased by 4.8% or by SAR 83.5 million from SAR 1,751.6 million at 31 December 2020G to SAR 1,668.1 million at 30 June 2021G. This primarily resulted from the decrease in short term loans and bank overdrafts by 5.8% or by SAR 52.0 million from SAR 891.0 million at 31 December 2020G to SAR 839.0 million at 30 June 2021G. The decline in current liabilities is also attributable to the decrease in swap derivatives liabilities by 23.8% or by SAR 27.3 million from SAR 114.9 million at 31 December 2020G to SAR 87.6 million at 30 June 2021G. The decrease in short term loans and bank overdrafts was due to repayments made by the Company while the decrease in swap derivatives liabilities was in the normal course of business.

a) Refund liability

Refund liability increased by 58.8% or by SAR 1.6 million from SAR 2.8 million at 31 December 2020G to SAR 1.2 million at 30 June 2021G. As previously discussed, the balance of refund liability fluctuates on a regular basis and is not only affected by the level of activity or revenue recorded by the Company, but is also affected by a number of factors since customers return goods for various reasons which as mentioned earlier include damaged goods, duplicate orders, expired goods and others various reasons.

b) Accounts payable and accruals

The following table presents the Company's accounts payable and accruals as at 31 December 2020G and 30 June 2021G.

Table (6-80): Accounts payable and accruals

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Accounts payable	289.4	359.5	24.2%
Accrued expenses	83.8	36.7	(56.3%)
VAT, net	34.5	1.6	(95.5%)
Retention	9.8	5.5	(43.1%)
Other payables	38.7	44.1	13.9%
Total	**456.2**	**447.4**	**(1.9%)**

Source: Management information

Accounts payable and accruals decreased by 1.9% or by SAR 8.8 million from SAR 456.2 million at 31 December 2020G to SAR 447.4 million at 30 June 2021G. This was primarily driven by the decrease in accrued expenses by 56.2% or by SAR 47.1 million from SAR 83.8 million at 31 December 2020G to SAR 36.7 million at 30 June 2021G as well as the decrease in VAT (net) by 95.5% or by SAR 32.9 million from SAR 34.5 million at 31 December 2020G to SAR 1.6 million at 30 June 2021G. The decline in accrued expenses was attributable to lower accrued vacation and ticketing expense. On the other hand, the decline in VAT (net) was mainly due to high volume of inventory purchases driving up the input VAT recoverable.

c) Accrued expenses

The following table presents the Company's accrued expenses as at 31 December 2020G and 30 June 2021G.

Table (6-81): Accrued expenses

SAR'm	As at 31 December 2020G	As at 30 June 2021G	Increase / (Decrease) June 2021G
Accrued salaries	58.5	24.0	(59.0%)
Accrued vacation and ticketing	15.7	7.6	(51.7%)
Accrued GOSI	3.1	1.5	(51.8%)
Accrued other expenses	6.5	3.7	(44.0%)
Total	**83.8**	**36.7**	**(56.2%)**

Source: Management information

Accrued salaries decreased by 59.0% or by SAR 34.5 million from SAR 58.5 million at 31 December 2020G to SAR 24.0 million at 30 June 2021G. This was mainly due to the salaries payment timing. As previously discussed, payment for the month of December is delayed in the normal course of business due to the closure of year end accounts which normally extends to the following year, resulting in delayed payments and higher accrued salaries as at 31 December 2020G.

Accrued vacation and ticketing decreased by 51.7% or by SAR 8.1 million from SAR 15.7 million at 31 December 2020G to SAR 7.6 million at 30 June 2021G. This was mainly due to a high number of staff who went on annual vacation.

Accrued GOSI fees decreased by 51.8% or by SAR 1.6 million from SAR 3.1 million at 31 December 2020G to SAR 1.5 million at 30 June 2021G. This was mainly due to settlements made by the Company for a portion of the outstanding amounts.

Accrued other expenses decreased by 44.0% or by SAR 2.8 million from SAR 6.5 million at 31 December 2020G to SAR 3.7 million at 30 June 2021G. This was mainly due to lower accrued incentives which were bonuses due to executive management as at 31 December 2020G.

d) VAT

VAT decreased by 95.5% or by SAR 32.9 million from SAR 34.5 million at 31 December 2020G to SAR 1.6 million at 30 June 2021G. This was mainly due to high volume of inventory purchases in the first half of 2021G, driving up the input VAT recoverable. This resulted in a decline in the VAT payable balance as at 30 June 2021G.

e) Retention

Retention balance decreased by 43.1% or by SAR 4.3 million from SAR 9.8 million at 31 December 2020G to SAR 5.5 million at 30 June 2021G. The gradual decline in retention balance was related to the completion of major milestones of the scheduled construction work by the subcontractor, which resulted in a significant portion of the retentions held being released in line with the terms of the contract. As previously discussed, the retention balance was related to the contracting and construction work performed by one of the subcontractors next to the Company's main warehouse in Al Sudair.

f) Other payables

Other payables increased by 13.9% or by SAR 5.4 million from SAR 38.7 million at 31 December 2020G to SAR 44.1 million at 30 June 2021G. This was on account of higher payables due to suppliers performing maintenance, cleaning and construction work next to Al Sudair warehouse.

g) Amounts due to related parties

Amounts due to related parties decreased by 41.2% or by SAR 15.7 million from SAR 38.2 million at 31 December 2020G to SAR 22.4 million at 30 June 2021G. This was mainly due to settlements made by the Company during the normal business course. (Refer to the section 6-8 "**Related Party Transactions and Balances**" in this prospectus for details).

h) Current portion of lease liabilities

The current portion of lease liabilities increased by 15.2% or by SAR 28.8 million from SAR 188.6 million at 31 December 2020G to SAR 217.4 million at 30 June 2021G. This primarily resulted from the increase in lease liabilities in connection to the new stores leased for new pharmacies.

i) Contract liabilities

Contract liabilities decreased by 0.2% or by SAR 0.1 million from SAR 39.6 million at 31 December 2020G to SAR 39.5 million at 30 June 2021G. This immaterial increase is in the normal course of business. As previously discussed, contract liabilities are not only affected by changes in revenue but also fluctuate depending on the scale of redeemed points by the client.

j) Short term loans and bank overdrafts

Bank overdrafts are related to one of the loans obtained by the Company to support its business needs (Refer to section 6-9 "**Loans**" in this prospectus for details).

k) Swap derivatives liabilities

Swap derivatives liabilities decreased by 23.8% or by SAR 27.3 million from SAR 114.9 million as at 31 December 2020G to SAR 87.6 million at 30 June 2021G. This was primarily due to an increase in LIBOR rates in the first half of 2021G.

l) Zakat provision

Zakat provision decreased by 32.8% or by SAR 6.6 million from SAR 20.3 million at 31 December 2020G to SAR 13.6 million at 30 June 2021G. This was mainly due to settlement of zakat payment of SAR 13.1 million during the six months period ended 30 June 2021G.

6-15 Related party transactions and balances

The following table presents the Company's related party transactions for the financial periods ended 30 June 2020G and 2021G.

Table (6-82): Related party transactions

SAR'm	Relationship	Nature of transaction	As at 31 December 2020G	As at 30 June 2021G
Meshraf General Contracting	Affiliate	Value of construction of new pharmacies	(28.1)	(70.1)
Classic Travel & Tours Agency	Affiliate	Tickets and other travel expenses	(12.6)	(13.3)
966 Motors Establishment	Affiliate	Services provided	(4.4)	(2.0)
Digital Business System Company	Affiliate	IT services provided to the Company	(12.4)	(11.6)
Digital Business System Company	Affiliate	Admin Services provided by the Company	1.4	1.4
Mawarid Trading Limited	Affiliate	Purchases	-	(1.5)
Ms. Nouf Saad Al - Farraj	Shareholder	Rental	(0.2)	(0.2)
Key management personnel	-	Short-term employee benefits	1.5	1.5
Key management personnel	-	End of service benefits	0.1	0.1

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

- **Meshraf General Contracting**

Transactions with Meshraf General Contracting increased from SAR 28.1 million at 31 December 2020G to SAR 70.1 million at 30 June 2021G. This was mainly due to an increase in the scope and value of work performed by the related party in connection to work associated with pharmacies opened between both periods.

- **Classic Travel & Tours Agency**

Transactions with Classic Travel & Tours Agency increased from SAR 12.6 million at 31 December 2020G to SAR 13.3 million at 30 June 2021G. The value of tickets booked with the related party was higher since the number of trips undertaken by employees increased between both periods following the easing of the Covid-19 related travel restrictions.

- **Digital Business System Company**

Transactions with Digital Business System Company did not witness material fluctuation between the six months period ended 31 December 2020G and the six months period ended 30 June 2021G.

- **Mawarid Trading Limited**

Mawarid Trading Limited is an affiliate company related to the Company through common ownership by one shareholder. Transactions amounting to SAR 1.5 million in the first half of 2021G were related to cosmetic and beauty care products acquired from Mawarid Trading Limited.

- **Ms. Nouf Saad Al – Farraj**

Ms. Nouf Saad Al Farraj is a shareholder in the Company. The corresponding rental transactions carried out were in connection to the leasing of the head office from Ms. Nouf Saad Al-Farraj.

- **966 Motors Establishment**

966 Motors Establishment is an affiliate company related to the Company through common ownership by one shareholder. Transactions with 966 Motors Establishment were associated with windshield services provided by the related party to the Company.

- Key management personnel

Transactions with key management personnel refer to the short-term employee benefits (salaries) and long-term benefits (EOSB) of the Company's executive team. These transactions did not witness material fluctuation between the six months period ended 31 December 2020G and the six months period ended 30 June 2021G.

Related party balances

The following table presents the Company's related party balances for the financial periods ended 30 June 2020G and 2021G.

Table (6-83): Related party balances

(SAR million)	Relationship	As at 31 December 2020G	As at 30 June 2021G
Amounts due from related parties:			
Specialized Technologies for Industrial Supplies Company*	Affiliate	-	0.0
Smart Technologies Development Company	Affiliate	0.1	-
Others**	-	0.0	-
Total		**0.1**	**0.0**
Amounts due to related parties:			
Meshraf General Contracting	Affiliate	24.5	15.9
Classic Travel & Tours Agency	Affiliate	0.6	3.7
Digital Business System Company	Affiliate	10.2	1.6
Mawarid Trading Limited	Affiliate	-	1.3
Shareholder	Shareholder	2.8	-
Total		**38.2**	**22.4**

* There is a debt balance from Specialized Technologies for Industrial Supplies Company of SAR 2,753 thousand as at 30 June 2021G

** There is a debt balance from other companies of SAR 3,133 thousand as at 31 December 2020G

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Amounts due from related parties

Amounts due from related parties decreased from SAR 0.1 million at 31 December 2020G to SAR 2,753 at 30 June 2021G after collection of the amount from Smart Technologies Development Company. Transactions with this affiliate were related to expenses paid on behalf of the Company.

Amounts due to related parties

Amounts due to related parties decreased by 41.2% or by SAR 15.8 million from SAR 38.2 million at 31 December 2020G to SAR 22.4 at 30 June 2021G. This primarily resulted from lower balances due to Meshraf General Contracting and Digital Business System Company due to payments made to the related parties in the first half of 2021G.

6-16 Financing

The following table presents the Company's financing for the financial periods ended 30 June 2020G and 2021G.

Table (6-84): Financing

SAR'm	As at 31 December 2020G	As at 30 June 2021G
Alinma	145.0	158.0
ANB	0.1	-
GIB	75.0	135.0
NCB (now SNB)	190.0	118.0
Rajhi	225.0	219.0
SABB	20.0	80.0
Samba Financial Group (now SNB)	90.9	-
ENBD	75.0	52.0
BSF	70.0	77.0
Total	**891.0**	**839.0**

Source: Management information

Total outstanding loan balances decreased by 5.8% or by SAR 52.0 million from SAR 891.0 million at 31 December 2020G to SAR 839.0 million at 30 June 2021G. As previously discussed, a number of these loans agreements included financing covenants which required the Company to meet certain financial conditions and other obligations. It is worth noting that the Company was in full compliance with the bank covenants disclosed in the signed agreements with these banks as at 30 June 2021G.

As mentioned previously, all loans and facilities are guaranteed by corporate and personal guarantees, promissory notes and the waiving of rights associated with the insurance contracts.

For additional information about loans, please refer to section 12-5-8 "**Financing agreements**" and for information about risks related to loans, please refer to section 2-1-29 "**risks related to financing**" and section 2-2-5 "**risks related to Adverse Changes in financing Cost**" in this prospectus.

6-17 Cash flow statement

The following table presents the Company's cash flow statement for the financial periods ended 30 June 2020G and 2021G.

Table (6-85): Cash flow statement

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Net cash from operating activities	153.9	419.5	173.6%
Net cash used in investing activities	(104.7)	(123.9)	18.3%
Net cash used in financing activities	89.3	(235.7)	(364.0%)
Net increase in cash and cash equivalents	**138.4**	**59.9**	**(56.7%)**
Cash and cash equivalents - opening	85.0	38.1	(55.2%)
Cash and cash equivalents - closing	**223.5**	**98.0**	**(56.2%)**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Cash and cash equivalents decreased by 56.2% or by SAR 125.5 million from SAR 223.5 million during the six months period ended 30 June 2020G to SAR 98.0 million during the six months period ended 30 June 2021G. This was primarily due to cash inflows from financing activities amounting to SAR 89.3 million during the six months period ended 30 June 2020G which turned into cash outflows of SAR 235.7 million during the six months period ended 30 June 2021G. This was due to settlements of bank overdrafts and loans and repayment of lease liabilities in the first half of 2021G.

6-17-1 Cash flow from operating activities

The following table presents the Company's cash flow from operating activities for the financial periods ended 30 June 2020G and 2021G.

Table (6-86): Cash flow from operating activities

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Operating activities			
Profit before zakat	85.5	138.3	61.8%
Adjustments:			
Depreciation for property and equipment	71.1	72.8	24.3%
Depreciation for right-of-use assets	80.9	86.8	7.3%
Gain on disposal of property and equipment	(0.6)	-	(100.0%)
(Gain)/loss on derecognition due to termination of leases	0.5	(1.0)	(299.7%)
Write-off of property and equipment	2.9	1.2	(59.0%)
Amortization of intangible assets	2.2	3.7	68.0%
Provision for employees' terminal benefits	10.1	12.0	19.1%
Finance costs	28.7	34.9	21.3%
Fair value (gain) loss on swap derivatives liabilities	114.8	(27.3)	(123.8%)
Total adjustments	**396.1**	**321.4**	**(18.9%)**
Working capital adjustments:			
Inventories	(631.0)	(33.8)	(94.6%)
Accounts receivable and prepayments	27.6	190.8	590.8%
Amounts due from related parties	0.6	0.1	(82.5%)
Right to return assets	-	1.1	N/A
Accounts payable and accruals	361.5	(8.8)	(102.4%)
Amounts due to related parties	5.2	(15.7)	(404.2%)
Contract liabilities	9.9	(0.1)	(101.0%)
Refund liability	-	(1.7)	N/A
Cash from operating activities	**169.8**	**453.3**	**166.9%**
Finance costs paid	(13.6)	(18.6)	37.2%
Employees' terminal benefits paid	(2.4)	(2.1)	(12.1%)
Zakat paid	-	(13.1)	N/A
Net cash from operating activities	**153.9**	**419.5**	**172.6%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Net cash from operating activities increased by 172.6% or by SAR 265.6 million from SAR 153.9 million during the six months period ended 30 June 2020G to SAR 419.5 million during the six months period ended 30 June 2021G. As previously discussed, this increase was on account of higher profit before zakat and lower accounts receivable and prepayments.

Profit before zakat increased from SAR 85.5 million to SAR 138.3 million between the first half of 2020G and the first half of 2021G, respectively. This was primarily due to fair value gains of SAR 27.3 million on swap derivative liabilities recorded in the first half of 2021G. On the other hand, accounts receivable and prepayments decreased by 36.0% or by SAR 190.8 million from SAR 529.9 million during the six months period ended 30 June 2020G to SAR 339.1 million during the six months period ended 30 June 2021G.

6-17-2 Cash flow from investing activities

The following table presents the Company's cash flow from investing activities for the financial periods ended 30 June 2020G and 2021G.

Table (6-87): Cash flow from investing activities

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Purchase of property and equipment	(66.7)	(98.3)	47.2%
Proceeds from disposal of property and equipment	0.8	-	(100.0%)
Additions to intangible assets	(2.7)	(2.6)	(2.1%)
Purchase of equity instruments designated at FVOCI	(36.1)	(23.0)	(36.3%)
Net cash used in investing activities	**(104.7)**	**(123.9)**	**18.3%**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Cash outflow from investing activities decreased by 18.3% or by SAR 19.2 million from SAR 104.7 million during the six months period ended 30 June 2020G to SAR 123.9 million during the six months period ended 30 June 2021G. This was primarily due to higher purchases of property and equipment made by the Company to support its business needs.

6-17-3 Cash flow from financing activities

The following table presents the Company's cash flow from financing activities for the financial periods ended 30 June 2020G and 2021G.

Table (6-88): Cash flow from financing activities

SAR'm	Financial period ended 30 June		Increase / (Decrease)
	2020G	2021G	June 2021G
Net movement in bank overdrafts & ST loans	269.2	(52.0)	(119.3%)
Repayments of lease liabilities	(98.4)	(103.5)	5.1%
Settlement for closure of certain lease contracts of branches	(1.2)	(0.7)	(39.8%)
Dividends paid	(80.3)	(79.5)	(1.0%)
Net cash used in financing activities	**89.3**	**(235.7)**	**(364.0%)**

Source: The Company's reviewed financial statements for the six months period ended 30 June 2021G and management information

Cash inflow from financing activities amounting to SAR 89.3 million during the six months period ended 30 June 2020G turned into cash outflows of SAR 235.7 million during the six months period ended 30 June 2021G. This was mainly due to settlements of high value loans in the first half of 2021G.

6-18 Commitments and contingencies

The following table presents the Company's commitments and contingencies for the financial periods ended 30 June 2020G and 2021G.

Table (6-89): Commitments and contingencies

SAR'm	As at 30 June 2021G	Increase / (Decrease) June 2021G
Capital commitments	128.0	na
Total	**128.0**	**na**

Source: Management information

Commitments and contingencies as at 30 June 2021G included capital commitments in connection to the new pharmacies planned to be opened between the months of July and December 2021G. These commitments amounted to SAR 128.0 million at 30 June 2021G.

7- Dividend Distribution Policy

The Shares entitle their holders the right to receive any dividends that the Company declares from the date of this Prospectus and for the subsequent financial years.

The Company intends to distribute annual profits to its Shareholders to enhance the value received by such Shareholders as appropriate to the Company's profits, financial condition, restrictions of dividend distribution under financing and debt agreements, the results of Company's activities, the Company's current and future financing needs, the expansion plans and the investment requirements of the Company and other factors, including analysis of investment opportunities and the Company's requirements of reinvestment, monetary and capital requirements, commercial expectations, and impact of any distributions of such kind on any legal or statutory considerations. In addition, investors willing to invest in Offer Shares should be aware that the Dividend Distribution Policy may change from time to time.

Although the Company intends to distribute dividends to its Shareholders on an annual basis, the Company does not guarantee the distribution of such dividends or the amounts to be distributed in any given year. After deducting all general expenses and other costs, the Company's net profits shall be allocated as follows:

1) 10% of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by the Ordinary Assembly when the statutory reserve amounts to 30% of the Company's capital.

2) The Ordinary General Assembly may, upon the request of the Board, set aside 5% of the net profits to form an additional reserve to be allocated towards the purposes determined by the Assembly.

3) The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the Company's employees, or to support existing institutions of such kind.

4) Out of the balance of the net profits, Shareholders shall receive a payment of no less than 3% of the Company's paid-up capital.

The table below summarizes dividends distributed by the Company during the last three years:

Table (7-1): Cash Dividends Distributed During the Financial Years Ended December 31, 2018G, 2019G and 2020G and the six month period ended June 30, 2021G

SAR	FY 2018G	FY 2019G	FY 2020G	H1 2021G
Net income	228,330,616	233,203,768	246,435,261	131,776,255
Dividends declared for the period	111,000,000	139,000,000	151,000,000	79,500,000
Dividends distributed for the period	111,000,000	139,000,000	147,225,000	79,500,000
Ratio of declared dividends to net income	48.6%	59.6%	61.3%	60%

Source: The Company

8- Use of Offering Proceeds

Total proceeds from the Offering are estimated at around One billion eight hundred and sixty one million and five hundred thousand Saudi Riyals (SAR 1,861,500,000), of which approximately thirty million Saudi Riyals (SAR 30,000,000) will be applied towards the Offering expenses, which include the fees of the Financial Advisor, the Lead Manager, the Underwriter, the Legal Advisor, the Auditor, the Receiving Entities, and Market Consultant, as well as marketing, printing and distribution fees, and other expenses related to the Offering. Net offering proceeds, estimated at about One billion eight hundred and thirty one million and five hundred thousand Saudi Riyals (SAR 1,831,500,000), will be distributed to the Selling Shareholders pro-rata to the number of Offer Shares that will be sold by each of them in the Offering. The Company will not receive any part of the proceeds from the Offering. Selling Shareholders will bear all the fees, expenses, and costs related to the Offering.

9- Capitalization and Indebtedness of the Company

The table below sets out the capitalization of the Company as derived from the financial statements for the financial years ended December 31, 2018G, 2019G, and 2020G, and the financial period ended June 30, 2021G. The following table should be read in conjunction with the relevant financial statements, including the notes thereto set out in Section 19 "**Financial Statements and Auditor's Report**" of this Prospectus.

Table (9-1): Capitalization and Indebtedness of the Company for the Financial Years Ended December 31, 2018G, 2019G and 2020G, and the Six-Month Period Ended June 30, 2021G.

(SAR)	FY 2018G	FY 2019G	FY 2020G	Financial Period ended July 30, 2021G
Current portion of lease liabilities	147,145,821	172,662,169	188,620,656	217,378,424
Non-current portion of lease liabilities	579,737,560	560,526,708	575,954,404	689,749,872
Short-term loans and bank overdrafts	699,213,058	719,997,838	891,040,409	839,000,000
Total loans and lease liabilities	1,426,096,439	1,453,186,715	1,655,615,469	1,746,128,296
Shareholders' equity				
Capital	10,000,000	10,000,000	10,000,000	850,000,000
Statutory reserve	5,000,000	5,000,000	5,000,000	5,000,000
Proposed capital increase	51,500,000	51,500.00	51,500,000	-
Retained earnings (Accumulated losses)	796,719,393	895,429,227	994,021,140	257,797,395
Fair value reserve relating to equity instruments classified at FVOCI	-	7,442,636	52,308,892	140,504,242
Total equity	863,219,393	969,371,863	1,112,830,032	1,253,301,637
Total capitalization (Total loans + Total shareholders' equity)	2,289,315,832	2,422,558,578	2,768,445,501	2,999,429,933
Total capitalization/ Total loans	62.3%	60.0%	59.8%	58.2%

Source: The Company

The Directors declare that:

None of the shares of the Company is under option.

1) The Company does not have any debt instruments as of the date of this Prospectus.

2) The Company's balance and cash flows are sufficient to meet its expected cash and working capital requirements for at least twelve (12) months after the date of publication of this Prospectus, taking into account any adverse and material change to the Company's business.

10- Expert Statements

All Advisors, whose names are listed on Pages (v) and (vi) hereof, have given and, as of the date of this Prospectus, not withdrawn, their written consent to the reference to their names, addresses and logos and to the publication of their statements in this Prospectus. Neither they nor any of their employees forming part of the team serving the Company, or relatives have any shareholding or interest of any kind in the Company or any of the Subsidiaries as of the date of this Prospectus that would impair their independence.

11- Declarations

The Directors declare that:

1) There has been no interruption in the Company's or Subsidiaries' business that may influence or have a significant impact on its financial situation during the last twelve months.

2) No commissions, discounts, brokerage fees, or any non-monetary compensation were granted by the Company and the Subsidiaries during the three years immediately preceding the date of application for registration and offer of securities subject to this Prospectus with respect to issuance or offering of any securities.

3) There has been no material adverse change in the financial or trading position of the Company and the Subsidiaries during the three years preceding the year of submitting the application for registration and offer of the securities subject to this Prospectus, in addition to the period covered by the Auditor's report until the date of the approval of this Prospectus.

4) Commitment to work in accordance with Articles seventy-one (71) and seventy-two (72) of the Companies Law, and Articles forty-four (44) and forty-six (46) of the Corporate Governance Regulations.

5) Except as disclosed in Section 5-7 "**Direct and Indirect Interests of the Directors and Executive Management**" of this Prospectus, none of Directors or any of their relatives have shares or interests of any kind in the Company or the Subsidiaries.

6) As on the date of this Prospectus, none of the members of the Board of Directors has participated in any similar or competing activities with the Company, and the members of the Board of Directors undertake to abide by this statutory requirement in the future in accordance with Article seventy-two (72) of the Companies Law and Chapter six of part three of the Corporate Governance Regulations.

7) Members of the Board of Directors are obliged to notify the Board of their personal, direct or indirect interests in the business and contracts that are made for the account of the Company, provided that this is recorded in the minutes of the Board of Directors meeting.

8) All transactions with Related Parties in the future will be conducted on a competitive basis in accordance with Article (72) of the Companies Law.

9) As on the date of this Prospectus, there are no transactions in which any of the Company's Board members, Senior Executives, current Shareholders or any of their relatives have a direct or indirect personal interest that is not disclosed in this Prospectus, and there are no transactions based on unfair commercial grounds.

10) The company is not involved in any transactions, agreements, commercial relations or real estate deals with a Related Party, except for what was mentioned in Section 12-6 "**Agreements and Transactions with Related Parties**" of this Prospectus.

11) Except for what was disclosed in Section 2 "**Risk Factors**" of this Prospectus, all agreements with Related Parties described in Section 12-6 "**Agreements and Transactions with Related Parties**" of this Prospectus do not include any preferential terms and have been entered into in a legal manner and on appropriate and fair commercial grounds.

12) All transactions with Related Parties will be carried out on a commercial basis, and all transactions and contracts with Related Parties will be voted on in the meetings of the Board of Directors – and if required by applicable regulations – the General Assembly of the Company with the Board member abstaining from voting on decisions related to transactions and contracts which is completed for the Company's account and in which he has a direct or indirect interest, whether in the Board of Directors or the General Assembly in accordance with Article seventy-two (72) of the Companies Law and Chapter six of Part three of the Corporate Governance Regulations.

13) The members of the Board of Directors and the CEO have no right to vote on the fees and remunerations granted to them.

14) The members of the Board of Directors and the CEO have no right to vote on a contract or proposal in which they have an interest.

15) Members of the Board of Directors or any of the Senior Executives may not borrow from the Company, nor may the Company guarantee any loan obtained by any of the members of the Board of Directors.

16) The Company, severally or jointly with the Subsidiaries, have sufficient working capital for at least twelve (12) months immediately following the date of publication of this Prospectus.

17) The Company is able to prepare the required reports at the specified times according to the implementing regulations issued by the CMA.

18) All necessary approvals have been obtained for the Company's Shares to be offered in the Exchange and for it to be a public joint stock company.

19) The Company has submitted and will submit to the CMA all documents required under the Capital Market Law and the Rules for Offering of Securities and Continuing Obligations.

20) With the exception of what was disclosed in Section 2 "**Risk Factors**" of this Prospectus, they have established procedures, controls and systems that would enable the Company to meet the requirements of the relevant laws, regulations and instructions, including the Companies Law, the Capital Market Law and its Implementing Regulations and the Rules Offering of Securities Continuing Obligations and Listing Rules.

21) As at the date of this Prospectus, there are no stock options for the Company's employees that would involve employees in the Company's capital, and there are no other similar arrangements in place.

22) Except as disclosed in Section 2 "**Risk Factors**"and Section 6-4 "**The main factors that affect the results of operations**" of this Prospectus, the Company is not aware of any information related to any governmental, economic, financial or monetary, political or other factors that have had a material impact (directly or indirectly) on its operations.

23) To the best of their knowledge and belief, there are no other fundamental risks as on the date of this Prospectus – other than what was mentioned in Section 2 "**Risk Factors**" of this Prospectus – that may affect investors' decisions regarding investing in the Offering Shares.

24) There has been no fundamental negative change in the financial and commercial position of the Company during the three (3) fiscal years immediately preceding the date of submitting the application for registration and offering the securities subject to this Prospectus, in addition to the end of the period covered by the Auditor's Report until the adoption of this Prospectus, with the exception of what was mentioned In Section 6 "**Management's Discussion and Analysis of the Financial Position and Results of Operations**" and Section 2 "**Risk Factors**" of this Prospectus.

25) The statistical information used in Section 3 "**Market Overview**" obtained from external sources represents the most recent information available from its respective source.

26) The Company's insurance policies provide insurance coverage with sufficient limits for the Company's conduct of its business, and the Company periodically renews insurance policies and contracts to ensure the existence of insurance coverage on an ongoing basis.

27) All contracts and agreements that the Company believes are important or essential, or that may affect the decisions of investors to invest in the offering shares, have been disclosed, and there are no other substantive agreements contracts that have not been disclosed in this Prospectus.

28) The Offering does not violate the relevant laws and regulations in the Kingdom.

29) The Offering does not prejudice any of the contracts or agreements to which the Company is a party.

30) All material legal information related to the Company has been disclosed in the Prospectus.

31) Other than what is stated in Section 12-10 "**Litigation and Claims**" of this Prospectus, the Company and its Subsidiaries are not subject to any lawsuits or legal procedures that, individually or in the aggregate, may materially affect the business of the Company or its subsidiaries or their financial condition.

32) The members of the Board of Directors are not subject to any lawsuits or legal procedures that, individually or in the aggregate, may materially affect the business of the Company or its subsidiaries or their financial condition.

33) Other than what is stated in Section No. 12-7 "**Real Estate**" of this Prospectus, there are no real estate owned by the Company.

34) Except for what was disclosed in Section Section 2 "**Risk Factors**" of this Prospectus, all the Company's employees are under its sponsorship.

35) The legal and beneficial ownership, direct and indirect, of the Shares in the Company as on the date of this Prospectus belongs to the persons whose names appear in section No. 12-2-1 "**Shareholder Structure**" of this Prospectus.

36) That all the increases in the Company's capital do not contradict the laws and regulations in force in the Kingdom.

37) Except as disclosed in Section 2-2-7 "**Risks Related to Licensing, Permits and Approvals**" and Section 12-3 "**Material Licenses**", the Company has all the essential licenses and approvals required to carry out its activities.

38) The Company does not have any loans or other indebtedness, including overdrafts from bank accounts, and they also acknowledge that there are no security obligations (including personal guarantees, not covered by personal guarantee, secured by mortgage or not secured by pledge) or obligations under acceptance, acceptance credit or rental purchase commitments, except as disclosed in Sections 6-9 "**Loans**" and Section 12-5-8 "**Financing Agreements**" of this Prospectus.

39) The Company does not have any debt instruments issued, existing or not issued, except for what was disclosed in Sections 6-9 "**Loans**", 6-16 "**Financing**" and Section 12-5-8 "**Financing Agreements**" of this Prospectus.

40) The Company does not own any property, including contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which may significantly affect the assessment of the financial position, except for what was mentioned in Section No. 6-6-13 "**fair value loss from derivative swap obligations**" from this Prospectus.

41) There are no shares under an option contract for the Company or its Subsidiaries.

42) The Company does not have any debt instruments as on the date of this Prospectus.

43) As at the date of this Prospectus, the Company has no policy on research and development.

44) As on the date of this Prospectus, there is no breach of the contractual terms and conditions under the agreements with providers for all loans, facilities and financing, and the Company abides by all these terms and conditions.

45) The information and data contained in this Prospectus obtained from third parties, including information obtained from the Market Study report prepared by the Market Consultant, is reliable and there is no reason for the Company to believe that such information is inaccurate in any way.

46) This Prospectus includes all the information required to be included in accordance with the Rules for Offering Securities and Continuing Obligations, and there are no other facts that may affect the application for registration and offering of securities that are not included in this Prospectus.

47) Except for what was disclosed in Section 2 "**Risk Factors**" of this Prospectus, the internal control systems a have been prepared by the Company on sound bases, as a written policy has been developed regulating conflict of interest and addressing potential conflict situations, which include misuse of assets and misconduct resulting from transactions with Related Parties. In addition, the Company has ensured the integrity of the financial and operational systems and the application of appropriate control systems to manage risks in accordance with the requirements of Chapter Five of the Corporate Governance Regulations. The members of the Board of Directors also annually review the Company's internal control procedures.

48) Except for what was disclosed in Section 2 "**Risk Factors**" of this Prospectus, the internal control, accounting and information technology systems are sufficient and appropriate.

49) The financial information contained in Section 6 "**Management's Discussion and Analysis of the Financial Position and Results of Operations**" has been extracted without material modifications and presented in a format consistent with the audited financial statements for the financial years ending on December 31, 2018G, 2019G and 2020 Gand the reviewed summary financial statements for the six-month period ended On June 30, 2021G and the notes attached to it, which were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board approved in the Kingdom, and the standards and other issuances issued by the Saudi Organization for Charted and Professional Accountants without making any fundamental amendment to them.

50) No commissions, discounts, brokerage fees or non-cash compensation were granted by the Company or its Subsidiaries to any of the Board members, proposed board members, Senior Executives, or those Offering securities or experts during the directly preceding three fiscal years of submitting the application for the registration and offering of securities until the date of approving this Prospectus.

51) The members of the Board of Directors acknowledge that - to the best of their knowledge - there are no mortgages, rights, or any burdens or costs on the property of the Company and its Subsidiaries as on the date of this Prospectus, except for what was disclosed in Sections 6-9 "**Loans**" and Section 12-5-8 "**Financing Agreements**" of this Prospectus.

52) The Company does not intend to make material changes to the Company's activities in the future.

53) All material facts related to the Company and its financial performance have been disclosed in this Prospectus, and that there are no other information, documents or facts if they are omitted, the data contained in this Prospectus will become misleading.

54) The members of the Board of Directors acknowledge that the Company owns investments in Subsidiaries, Rönzac GmbH and Höllinz GmbH. The Company owns a 100% investment in both companies, but the Company has not issued consolidated financial statements regarding these investments, given that the two mentioned companies have not yet started any operations. The Company also considers that the assets and liabilities of the two companies are not material in view of the Company's financial statements.

55) The members of the Board of Directors acknowledge that there are no important fixed assets to be purchased or leased by the Company and its Subsidiaries as on the date of this Prospectus and as on June 30, 2021G outside the scope of its normal activities.

12- Legal Information

12-1 Legal Declarations

The Board of Directors declares that:

1) The Offering does not violate the applicable laws and regulations of the Kingdom;

2) The Offering does not prejudice any of the contracts or agreements to which the Company is a party;

3) All material legal information relating to the Company has been disclosed in the Prospectus;

4) Except as described in Section 12-10 "**Litigation and Commercial Claims**" of this Prospectus, the Company and its Subsidiaries are not subject to any legal proceedings or claims that may materially affect, individually or wholly, the business or financial position of the Company and its Subsidiaries; and

5) The Directors are not involved in any claims or proceedings that could individually or collectively have a material effect on the business or financial position of the Company and its Subsidiaries.

12-2 The Company

Al-Dawaa Medical Services Company is a Saudi closed joint stock company converted pursuant to the Ministerial Resolution No. 361 dated 10/27/1442H (corresponding to 06/08/2021G) and incorporated under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/08/2001G). The Company's registered address is P.O. 4326, Khobar, 31952, the Kingdom.

The Company was originally established in 01/16/1412H (corresponding to 07/28/1991G) as a sole proprietorship in the name of "**Mohamed Saad Al Farraj Commercial Services Est.**", registered in Khobar under Commercial Registration No. 2051014940 dated 01/16/1412H (corresponding to 07/28/1991G). One of its branches called "**Al-Dawaa Pharmacies**", the first branch of which was opened in 1993G, was converted to a limited liability company on 09/23/1422H (corresponding to 12/08/2001G), with a fully-paid capital of two million Saudi Riyals (SAR 2,000,000), divided into two thousand (2,000) cash Shares, with a fully paid nominal value of one thousand Saudi Riyals (SAR 1,000) per Share. It was registered in Khobar under Commercial Registration No. 2051025701 dated 09/23/1422H (corresponding to 12/08/2001G). On 10/27/1442H (corresponding to 06/08/2021G), the Company was converted from a limited liability company to a closed joint stock company in the name of "**Al-Dawaa Medical Services Company**", with a capital of eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) Ordinary Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per Share. Since its incorporation, the Company's capital has been increased several times. The capital was first increased by virtue of the partners' resolution dated 04/15/1427H (corresponding to 05/13/2006G) from two million Saudi Riyals (SAR 2,000,000) to ten million Saudi Riyals (SAR 10,000,000), divided into ten thousand (10,000) cash Shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per Share. The increase of eight million Saudi Riyals (SAR 8,000,000) was covered by transferring such amount from the partners' current accounts. On 10/14/1442H (corresponding to 05/26/2021G), the Company's capital was increased from ten million Saudi Riyals (SAR 10,000,000) to eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) Ordinary Shares with a nominal value of ten Saudi Riyals (SAR 10) per Share. The increase of eight hundred forty million Saudi Riyals (SAR 840,000,000) was covered by: (1 capitalizing an amount of seven hundred eighty-eight million five hundred thousand Saudi Riyals (SAR 788,500,000) from the retained earnings account; and (2 transferring an amount of fifty-one million five hundred thousand Saudi Riyals (SAR 51,500,000) from the account of the proposed capital increase. (For further details about the Company's history, see Section 4-1-2 "**Corporate History and Evolution of Capital**" of this Prospectus).

12-2-1 Shareholder Structure

The Company's capital is eight hundred fifty million Saudi Riyals (SAR 850,000,000), divided into eighty-five million (85,000,000) Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per Share. All Shares are Ordinary and Cash Shares. The following table illustrates the ownership structure as at the date of this Prospectus:

Table (12-1): The Ownership Structure of the Company as at the Date of this Prospectus

#	Shareholder	Pre-Offering			Post-Offering		
		No. of Shares	Overall Nominal Value (SAR)	%	No. of Shares	Overall Nominal Value (SAR)	%
1.	Mawarid Holding Company	42,499,575	424,995,750	49.9995%	29,749,703	297,497,030	34.99965%
2.	HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud	20,400,000	204,000,000	24%	11,687,203	116,872,030	13.74965%
3.	Mohammed Saad Butti Al-Farraj Al-Subaie	7,862,075	78,620,750	9.2495%	6,800,000	68,000,000	8%
4.	Abdullah Saad Butti Al-Farraj Al-Subaie	7,862,500	78,625,000	9.25%	6,800,000	68,000,000	8%
5.	Waleed Mohammad Abdullah Al-Jaafari	2,125,000	21,250,000	2.5%	1,062,500	10,625,000	1.25%
6.	Hessah Saad Butti Al-Farraj Al-Subaie	2,125,000	21,250,000	2.5%	1,700,000	17,000,000	2%
7.	Nouf Saad Butti Al-Farraj Al-Subaie	2,125,000	21,250,000	2,5%	1,700,000	17,000,000	2%
8.	Sultan Mahdi Shalash Al-Anazi	425	4,250	0.0005%	297	2,970	0.00035%
9.	Ali Salem Abood Al-Qufail	425	4,250	0.0005%	297	2,970	0.00035%
10.	The Public	-	-	-	25,500,000	255,000,000	30%
Total		**85,000,000**	**850,000,000**	**100%**	**85,000,000**	**850,000,000**	**100%**

Source: The Company

12-2-2 Company Branches

a) Pharmacies

As at June 30, 2021G, the Company has eight hundred thirty-seven (837) registered pharmacies throughout the Kingdom. On 01/23/1440H (corresponding to 10/03/2018G), the Minister of Commerce announced that, in light of facilitating and streamlining the requirements to conduct business activities in the Kingdom, it is sufficient to have one registry for similar activities in one administrative region. On 01/23/1440H (corresponding to 10/03/2018G), the Ministry of Commerce instructed all government entities to deal with one commercial registry for the same administrative region as long as the office or the store conducts the same activity stated in such registry. In addition, subsidiary commercial registries shall be issued only if the office or store conducting other different activities than the one registered in such commercial registry of the administrative region is opened or if the office or store is located in an administrative region outside the administrative region of the registry. Therefore, pursuant to this decision, the Company is in the process of canceling the commercial registries of all its branches and will maintain one registry for each administrative region in which the Company operates. As at the date of this Prospectus, the Company complies with the requirement to obtain an administrative register in each administrative region where it operates.

b) Warehouses

The Company has central warehouses located in Sudair in the Central Province, in addition to fourteen (14) other warehouses in different regions of the Kingdom. The following table shows the details of the Company's registered warehouses as at the date of this Prospectus:

Table (12-2): The Company's Warehouses at the Date of this Prospectus

#	Branch Name	Commercial Register No.	Commercial Registration Certificate Date	Expiry Date of Commercial Registration Certificate
Riyadh				
1.	Riyadh – Al-Masani District, Al-Hair Road	1010181366	08/06/1423H (corresponding to 10/12/2020G)	08/05/1443H (corresponding to 03/08/2020G)
2.	Riyadh – Sudair	1122101682	10/27/1439H (corresponding to 07/11/2018G)	27/10/1445H (corresponding to 05/06/2024G)
3.	Riyadh – South of Riyadh	1010428087	01/24/1436H (corresponding to 11/17/2014G)	01/23/1445H (corresponding to 08/10/2023G)
Dammam				
4.	Dammam – Support Services Warehouse	2050094367	11/11/1434H (corresponding to 09/17/2013G)	11/10/1443H (corresponding to 06/09/2022G)
5.	Dammam – Khalidiya District, Distribution Warehouse	2050051362	05/23/1427H (corresponding to 06/19/2006G)	05/22/1442H (corresponding to 12/06/2023G)
6.	Dammam – Khalidiya District, Khaled Al-Azhari Street	2050109593	08/23/1437H (corresponding to 05/03/2016G)	08/22/1443H (corresponding to 03/25/2022G)
7.	Dammam – King Abdulaziz Port	2050134558	10/05/1441H (corresponding to 09/04/2019G)	10/05/1443H (corresponding to 05/06/2022G)
8.	Dammam – North of Khalidiya District	2050094769	06/23/1435H (corresponding to 04/23/2014G)	06/22/1443H (corresponding to 01/25/2022G)
Jeddah				
9.	Jeddah – District 701	4030142950	03/17/1424H (corresponding to 05/18/2003G)	03/17/1445H (corresponding to 02/02/2023G)
10.	Jeddah – Al Nakhil District	4030316786	04/05/1440H (corresponding to 12/12/2018G)	04/05/1445H (corresponding to 10/20/2023G)
Hafr Al Baten				
11.	Hafar Al-Baten – Sulaymaniyah	2511021391 (paper trading)	05/12/1435H (corresponding to 03/13/2014G)	05/12/1445H (corresponding to 11/26/2023G)
Khamis Mushait				
12.	Khamis Mushait – New Industrial Zone	5855066246	11/19/1435H (corresponding to 09/14/2014G)	11/19/1445H (corresponding to 05/27/2024G)
Sakaka				
13.	Sakaka/Al-Jouf – Main Road	3400014841	06/02/1433H (corresponding to 04/23/2012G)	06/01/1443H (corresponding to 01/04/2022G)
Abha				
14.	Abha – Industrial Zone	5850035609 (contracting)	12/03/1431H (corresponding to 11/09/2010G)	12/02/1444H (corresponding to 06/20/2023G)
Hofuf				
15.	Hofuf – Qatar Road	2251051269	05/20/1434H (corresponding to 04/01/2013G)	05/19/1444H (corresponding to 12/13/2022G)

Source: The Company

c) Security Services Branch

The Company has a branch licensed to secure and provide private civil security service of the third category across the Kingdom, with a number of up to four hundred (400) Saudi civil security guards under Public Security Letter No. 3/25496/3 dated 11/10/1434H (corresponding to 09/16/2013G). The following table shows the details of the Company's branch for security guards as at the date of this Prospectus:

Table (12-3): Details of the Company's Branch for Security Guards

#	Branch Name	Commercial Register No.	Commercial Registration Certificate Date	Expiry Date of Commercial Registration Certificate
1.	Al-Dawaa Medical Services Company LTD	2050095574	01/07/1435H (corresponding to 11/10/2013G)	01/06/1445H (corresponding to 07/24/2023G)

Source: The Company

12-2-3 Subsidiaries

The Company has five (5) subsidiaries, none of which is material for the purposes of the OSCOs. The following table shows the details of the Subsidiaries and the Company's Shares in them as at the date of this Prospectus:

Table (12-4): Subsidiaries at the Date of this Prospectus

#	Subsidiary	Country of Incorporation	Commercial Register No.	Commercial Registration Certificate Date	Expiry Date of Commercial Registration Certificate	The Company's ownership percentage	Other partners (if any)
1.	Al-Dawaa Medical Services Company - Dubai	UAE	55	08/24/1426H (corresponding to 09/28/2005G)	07/26/1443H (corresponding to 03/27/2022G)	100%	N/A
2.	Glänzzen	UAE	1188	01/25/1442H (corresponding to 09/13/2020G)	02/06/1443H (corresponding to 09/13/2021G)	-	Rönzac 50% Höllinz 50%
3.	Premier Medical Devices Manufacturing	The Kingdom	1126106621	07/20/1442H (corresponding to 03/04/2021G)	02/02/1494H (corresponding to 03/04/2071G)	100%	N/A
4.	Höllinz	Germany	218668	08/04/1436H (corresponding to 05/22/2015G)	N/A	100%	N/A
5.	Rönzac	Germany	218674	08/04/1436H (corresponding to 05/22/2015G)	N/A	100%	N/A

Source: The Company

12-3 Material Licenses

12-3-1 Pharmacies

Pursuant to the Old Law of Pharmaceutical Establishments and Products, the Company must obtain all necessary licenses from the Ministry of Health, including a license to be obtained from the Ministry of Health for each pharmacy registered with the Company. As at June 30, 2021G, the Company has eight hundred thirty-seven (837) registered pharmacies throughout the Kingdom. The Company declares that all of its pharmacies comply with licensing requirements of the Ministry of Health. The Company obtained a "**final license to open a private health establishment**" from the Ministry of Health for all of its pharmacies operating in the Kingdom.

12-3-2 Warehouses

a) Saudi Food and Drug Authority Licenses

Pursuant to the Old Law of Pharmaceutical Establishments and Products, the Company must obtain all necessary licenses from the Saudi Food and Drug Authority, including a license to be obtained from the Saudi Food and Drug Authority for each warehouse registered with the Company. The following table shows the details of the licenses issued by the Saudi Food and Drug Authority for the Company's warehouses:

Table (12-5): the Saudi Food and Drug Authority Licenses for the Company's Warehouses as at the Date of this Prospectus

#	License Type	Issuing Authority	Purpose	License Number	Issue Date	Expiry Date
1.	Food facility license	Saudi Food and Drug Authority	A license allowing the Company to carry out the activities of dry food storage, refrigerated food storage, and storage for third parties. The warehouse manager: Mohammed bin Ayyash Al-Juhani	WL-2021-FO-0175	07/10/1442H (corresponding to 02/22/2021G)	08/11/1445H (corresponding to 02/21/2024G)
2.	Food facility license	Saudi Food and Drug Authority	A license allowing the Company to carry out the activities of dry food storage, refrigerated food storage, frozen food storage and storage for third parties.	WL-2019-FO-0031	02/02/1441H (corresponding to 10/01/2019G)	03/04/1444H (corresponding to 09/30/2022G)
3.	Food facility license	Saudi Food and Drug Authority	A license allowing the Company to carry out medicine import, distribution and wholesale activities. The warehouse manager: Mohammed bin Ayyash Al-Juhani	06-06-00012	01/01/1440H (corresponding to 09/11/2018G)	07/07/1443H (corresponding to 02/08/2022G)
4.	Warehouse license	Saudi Food and Drug Authority	A license to import, distribute and wholesale human medicines, herbal preparations, health and cosmetic products. The warehouse manager: Mohammed Ali Abdullah Al-Ghazawi	06-05-0313	N/A	04/25/1447H (corresponding to 10/17/2025G)
5.	Warehouse license	the Saudi Food and Drug Authority	A license to import, distribute and wholesale human medicines, herbal preparations, health and cosmetic products. The warehouse manager: Sultan Mahdi Shalash Al-Anazi	06-01-02051	N/A	05/08/1445H (corresponding to 11/22/2023G)
6.	Warehouse license	the Saudi Food and Drug Authority	A license to import, distribute and wholesale human medicines, herbal preparations, health and cosmetic products. The warehouse manager: Khaled Abdullah Al-Shehri	06-02-00062	N/A	07/12/1447H (corresponding to 01/01/2026G)

Source: The Company

b) Municipal Licenses and Other Operating Licenses

The following table shows the licenses issued for the Company by the Ministry of Municipal, Rural Affairs and Housing, King Abdulaziz Port in Dammam, and the Saudi Authority for Industrial Cities and Technology Zones (Modon) in which enable the Company to carry out its warehouse activities.

Table (12-6): Additional Material Licenses as of the Date of this Prospectus

#	License Type	Issuing Authority	Purpose	License Number	Issue Date	Expiry Date
1.	Professional license	Al Jawf Municipality	A paper and document warehouse in Al-Karama District, Al Jawf	3910689429	12/05/1440H (corresponding to 08/06/2019G)	01/18/1444H (corresponding to 08/16/2022G)
2.	Commercial license	Jeddah Municipality	A medical device warehouse in Al-Nakhil District, Jeddah	39111393691	-	11/10/1444H (corresponding to 05/30/2023G)
3.	Commercial license	Jeddah Municipality	A product warehouse, other than food products, in Al-Nakhil District, Jeddah	41032602187	03/13/1441H (corresponding to 11/10/2019G)	03/12/1444H (corresponding to 10/08/2022G)
4.	Commercial license	Riyadh Municipality	A paper and document warehouse in Al-Masani District, Al Mansouria Road, Riyadh	27059	06/01/1441H (corresponding to 01/26/2020G)	06/01/1444H (corresponding to 12/25/2022G)
5.	Commercial license	Riyadh Municipality	A pharmaceutical warehouse in Al-Masani District, Al Mansouria Road, Riyadh	23154	07/02/1440H (corresponding to 09/09/2019G)	07/02/1443H (corresponding to 02/03/2022G)
6.	Commercial license	Dammam Municipality	A furniture and wood warehouse in the northern of Al Khalidiyah District, Dammam	40052036192	04/05/1441H (corresponding to 12/02/2019G)	07/02/1443H (corresponding to 02/03/2022G)
7.	Professional license	Al Ahsa Municipality	A medical device warehouse in Al-Ghuwaiba Agricultural District, Al-Ahsa	3909471070	12/20/1440H (corresponding to 08/21/2019G)	02/04/1444H (corresponding to 08/31/2022G)
8.	Professional license	Dammam Municipality	A medical product warehouse in the south of Al Khalidiyah, Al Waleed Bin Salama Road, Dammam	3909109058	-	06/12/1445H (corresponding to 12/25/2023G)
9.	Commercial license	Khamis Mushait Municipality	A product warehouse in Khamis Mushait Industrial Zone	30121544234	-	08/03/1445H (corresponding to 02/13/2024G)
10.	Commercial license	Dammam Municipality	A product warehouse in the north of Al Khalidiyah District, Dammam	3909113190	-	04/10/1450H (corresponding to 08/31/2028G)
11.	Commercial license	Dammam Municipality	A plastic and cardboard product warehouse in the north of al Khalidiyah, King Abdulaziz Road, Dammam	40052037223	-	04/10/1444H (corresponding to 12/04/2022G)
12.	Commercial license	Khamis Mushait Municipality	A pharmaceutical warehouse in Khamis Mushait Industrial Zone	40031845215	-	04/02/1444H (corresponding to 27/10/2022G)

#	License Type	Issuing Authority	Purpose	License Number	Issue Date	Expiry Date
13.	Commercial license	Hafr Al Baten Municipality	A plastic and paper product warehouse in Sulaymaniyah, Hafr Al Baten	40011570562	-	08/29/1444H (corresponding to 03/21/2023G)
14.	Certificate of Safety Requirement Performance – Himma Logistics Company	King Abdulaziz Port, Dammam	A warehouse located in Plot No. 9/34	135	10/01/1441H (corresponding to 06/02/2020G)	11/10/1442H (corresponding to 06/20/2021G)*
15.	Operating license	Saudi Authority for Industrial Cities and Technology Zones (Modon)	An operation warehouse located in Plot No. 0161K01: 006-006	574144282016676	-	09/04/1445H (corresponding to 03/14/2024G)
			An operation warehouse located in Plot No. 0161K01: 002-002 + 017-018	574144282016682	-	09/04/1445H (corresponding to 03/14/2024G)
			An operation warehouse located in Plot No. 0161K00001	574144282016678	-	09/04/1445H (corresponding to 03/14/2024G)

* This license is under renewal.

Source: The Company

12-3-3 Additional Material Licenses

The Company has obtained all the other necessary material licenses from the competent authorities that enable it to conduct its business. Below is a summary of the Company's additional material licenses in the Kingdom:

Table (12-7): Additional Material Licenses as of the Date of this Prospectus

#	License Type	Issuing Authority	Purpose	License Number	Issue Date	Expiry Date
1.	Business license	Khobar Municipality	Activities of the integrated office management services.	40062057120	05/20/1441H (corresponding to 01/15/2020G)	06/17/1446H (corresponding to 12/18/2024G)
2.	Medical device and product facility license	Saudi Food and Drug Authority	A license allowing the Company to carry out import and distribution activities.	IDL-2019MD-2413	02/10/1441H (corresponding to 10/09/2019G)	02/28/1444H (corresponding to 09/24/2022G)
3.	Business license	Riyadh Municipality	Management office	41022591022	-	02/25/1444H (corresponding to 09/21/2022G)
4.	Business license	Dammam Municipality	Management office	43016107826	-	13/02/1444H (corresponding to 09/09/2022G)
5.	Goods transport license	Public Transport Authority	Onshore goods transport	00007125/11	09/06/1442H (corresponding to 04/18/2021G)	09/06/1445H (corresponding to 03/16/2024G)

#	License Type	Issuing Authority	Purpose	License Number	Issue Date	Expiry Date
6.	ISO 9001: 2015	URS Certification	Recognition of the quality management system that complies with ISO 9001: 2015 in relation to the promotion and distribution of pharmaceutical food, medical products and consumables.	116804/A/0001/UK/En	10/16/1442H (corresponding to 05/28/2021G)	11/13/1445H (corresponding to 05/21/2024G)
7.	Operating license	High Commission for Industrial Security	To carry out insurance activity and provide private civil guards	407	10/22/1439H (corresponding to 07/06/2018G)	10/21/1444H (corresponding to 05/11/2023G)

Source: The Company

12-4 Summary of the Company's Bylaws

12-4-1 The Company's Objectives, Duration and Head Office

a) Objectives of the Company

The Company undertakes and performs the following objectives:

1) Real estate activities: Real estate activities with own or leased property.
2) Professional, scientific and technical activities:
   a. Management consultancy activities.
   b. Advertising
3) Construction: Other construction installations.
4) Education: Other types of education not classified elsewhere.
5) Administrative and support services: Packaging activities.
6) Manufacturing:
   a. Manufacture of pharmaceutical materials, chemical, and plant-based pharmaceutical products.
   b. Manufacture of radioactive equipment, and medical electric devices.
   c. Manufacture of medical and dentistry tools and equipment.
   d. Repair of electronic and optical equipment.
7) Transportation and storage:
   e. Freight transport by road.
   f. Storage.
   g. Cargo Handling.
   h. Other transportation support activities.
   i. Courier activities not operating under a universal service obligation.

8) Wholesale and retail trade; repair of motor vehicles and motorcycles:

   a. Wholesale for a fee or on a contract basis.
   b. Wholesale of other household goods.
   c. Wholesale of computers, computer peripheral equipment, and software.
   d. Other retail sale in non-specialized stores.
   e. Retail sale of pharmaceutical, medical goods, cosmetic, and toilet articles in specialized stores.
   f. Retail sale via mail order houses or via Internet.

The Company's activities pursuant to its commercial registration certificate include:

1) Agents involved in the sale of medicines.
2) Wholesale of pharmaceutical products.
3) Trade of special and healthy food.
4) Pharmacies activities.
5) Drug warehouses activities.
6) Retail sale of medical equipment, tools and supplies.
7) Delivery, items delivery and parcels pot activities.
8) Provision of marketing services on behalf of others.

The Company carries out its activities pursuant to the applicable regulations after obtaining the necessary licenses from competent authorities, if any.

b) Company Term

The duration of the Company shall be ninety-nine (99) Gregorian years, commencing as at the date on which the Company is registered at the commercial register. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiry of the Company's term.

c) Company Headquarters

The Company's head office is located in Khobar. It may open branches, offices, agencies or subsidiaries inside and outside the Kingdom by a resolution of the Board of Directors, when necessary.

d) Shareholding and Ownership in Companies

The Company may have shares in other companies. The Company may, on its own, establish limited liability or closed joint stock companies with a capital of at least five million Saudi Riyals. It may also own shares and stocks in other existing companies or merge with them. It also has the right to participate with others in the establishment of joint stock or limited liability companies after satisfying the requirements of laws and instructions in this regard. In addition, the Company may dispose of these shares or stocks, provided that there is no brokerage in trading shares.

12-4-2 The Company's Administrative and Oversight Affairs and its Supervisory Committees

a) Constitution of the Board of Directors

The Company shall be managed by a Board of Directors consisting of six (6) members to be elected by the Shareholders' Ordinary General Assembly for a period not exceeding three (3) years. As an exception, the Shareholders shall appoint the first Board of Directors for five (5) years, and the Directors shall be selected at the meeting of the Conversion Assembly. In every case, the number of the independent Directors shall not be less than two Directors or one-third of the Directors, whichever is greater.

b) Termination of Board Membership

The membership of the Board shall be terminated upon the expiry of the Board's term or the termination of that Director's membership in the Board in accordance with any applicable law or instructions in the Kingdom. However, the Ordinary General Assembly may, at any time, dismiss all or any of the Directors, without prejudice to the right of a dismissed Director to hold the Company liable if the removal is made without acceptable justification or at an improper time. A Director may resign, provided that such resignation is made at a proper time; otherwise, the Director shall be liable to the Company for damage resulting from his resignation.

c) Board Vacancy

Where the position of a Director becomes vacant, the Board may, at its discretion, appoint a Director to the vacant position temporarily, based on the number of votes received thereby at the Assembly meeting that elected the Board, to be selected from among experienced and competent candidates. Such appointment shall be notified to the relevant authorities within five (5) business days from the date of the appointment. The appointment shall be submitted to the Ordinary General Assembly at its next first meeting. The new Director shall complete the term of his predecessor. If the conditions for holding a Board of Directors meeting are not satisfied because the number of Directors falls below the minimum prescribed in the Regulations or in the Company's Bylaws, the remaining Directors must call for a meeting within sixty (60) days to elect the required number of Directors.

d) Powers of the Board of Directors

Subject to the competencies of the General Assembly, the Board of Directors shall have the widest powers to manage the Company in order to achieve its objectives. To this end, the Board's powers shall include, but not be limited to:

1) Representing the Company and signing for and on its behalf before third parties and notaries public inside and outside the Kingdom and before ministries, governmental and non-governmental entities and bodies, institutions, individuals, companies, all government and private financing funds and institutions, banks, and Saudi and non-Saudi financial institutions;

2) Appointing and dismissing arbitrators, experts and lawyers, determining attorneys' fees, and receiving and delivering commercial registrations, licenses, judgments, clearances, commercial papers, checks and all other documents;

3) Registering agencies and trademarks, obtaining, amending and canceling commercial registrations and licenses, opening subscriptions with the Chamber of Commerce, delivering, receiving and effecting all transactions and procedures of the Company at all ministries, and governmental, public and private entities, bodies and institutions inside and outside the Kingdom;

4) Adopting the Company's business plan, and approving its plans, operational budgets, and annual capital budgets;

5) Approving transactions that are made outside the ordinary course of business and whose value exceeds an amount to be determined by the Board;

6) Engaging in or conducting business that is materially different from the business of the Company;

7) Entering into, or terminating, any partnership or agreements of joint ventures and subsidiaries, establishing, acquiring, disposing of, restructuring or merging in any way any subsidiary of the Company, or establishing or closing any subsidiaries, offices or agencies;

8) Signing, terminating, or amending for and on behalf of the Company all agreements, contracts, tenders, bids, decisions, minutes, records and other documents;

9) Approving the establishment of companies, and signing for and on behalf of the Company the articles of incorporation of such companies, and all kinds of decisions to amend them, including, but not limited to, decisions to increase or decrease capital, change the Company's objectives, exit a partner, or assign Shares; accept prices, amend any provisions of the articles of incorporation of such companies in which the Company is a partner, open their branches, appoint their managers, liquidate them, or cancel their commercial registrations, before the Ministry of Commerce, Ministry of Investment, Notary Public, Ministry of Interior and Ministry of Municipal and Rural Affairs and other relevant authorities;

10) Opening, managing, depositing into and withdrawing from bank accounts and investment accounts inside or outside the Kingdom, investing their funds and closing such accounts;

11) Obtaining loans and credit facilities of all kinds, including loans with a term of more than three (3) years, for and on behalf of the Company from governmental and private funds and financial institutions, and Saudi and non-Saudi banks and financial institutions;

12) Pledging the Company's assets or providing them as security;

13) Approving guarantees, indemnities and undertakings provided by the Company and not included in the financial plan and/ or budget;

14) Purchasing, renting, and leasing land and properties for and on behalf of the Company, signing conveyance deeds and related contracts, and receiving and paying the prices thereof;

15) Purchasing and selling movable properties in the ordinary course of the Company's business for and on behalf of the Company, signing related contracts, and receiving and paying the prices thereof;

16) Releasing the Company's debtors from their obligations where the interest of the Company so requires and in accordance with the applicable accounting standards, provided that the Board's minutes include the rationale for its decision in the minutes of the relevant meeting, taking into account the following conditions: (1 the release shall be made after the lapse of at least one full year from the relevant debt coming into existence, (2 the maximum amount that may be released per year for a single debtor shall be determined, and (3 the release is an exclusive power of the Board of Directors and may not be delegated;

17) Approving and amending the Company's internal, financial, administrative and technical regulations, and the policies and employee regulations, determining the responsibilities of the Company's Executive Management and their compensation, and delegating any of its powers to the Company's Executive Management;

18) Acknowledging any of the Company's capital expenditures that are not included in the budget;

19) Establishing permanent and temporary committees of the Board of Directors and approving their charters, except for the Audit Committee and the Nomination and Remuneration Committee, whose charters shall be approved by the General Assembly;

20) Appointing the Company's senior employees, including the Executive Management, from among the Directors or other persons, determining their powers, and dismissing them;

21) Initiating any insolvency, bankruptcy or liquidation procedures;

22) Preparing an internal regulation;

23) Appointing a Board Secretary on the recommendation of the Chairman;

24) Authorizing or delegating one or more of its Directors or other persons to carry out a specific work(s), or to have some or all of its powers, canceling such authorization or delegation in whole or in part, and giving them the right to delegate third parties.

The Board of Directors may, within limits of its authorities, deputize one or more of the Directors or third parties to carry out a specific assignment(s).

e) Powers of Chairman, Vice Chairman, Managing Director and Secretary

The Board of Directors shall appoint from among its members a Chairman and a Deputy Chairman as well as a Managing Director and it shall not be permissible for a member to occupy jointly the office of the Chairman and any executive position in the Company.

The Chairman shall have the following authorities:

1) Representing the Assembly before others and acting on its behalf in contacting official and non-official bodies in the Kingdom and abroad.

2) Chairing the meetings of the General Assembly and the Board of Directors.

3) Inviting the General Assembly to hold its ordinary and extraordinary meetings;

4) Receiving calls for extraordinary meetings send by the Board of Directors and the General Assembly.

5) Announcing the opening, closure, suspension and adjournment of meetings.

6) Managing meeting, presenting research topics for a vote, and declaring closure of the debate.

7) Giving permission to distribute circulars, periodicals, writings and research results according to a plan prepared by the Board of Directors.

8) Signing the correspondence exchanged between the Assembly and counterparts.

9) Representing the Company in its relationship with third parties, government and private agencies, notaries, labor offices, higher and primary committees, the Committee for the Resolution of Securities Disputes, commissions for commercial papers, civil rights authorities, police departments, and chambers of commerce and industry.

10) Signing on behalf of the Company all contracts and commercial, financial and administrative transactions, signing the articles of incorporation and amendment appendices thereto in relation to the companies in which the Company participates or has Shares, including the annexes to the amendment contracts of the companies in which the Company participates or has Shares, including the appendices to the articles of incorporation related to the increase or decrease of capital;

11) Signing on behalf of the Company contracts, decisions, and documents in relation to the purchase of land and properties;

12) Signing on behalf of the Company contracts, decisions, and documents of sale, discharge, acceptance and mortgage for and on behalf of the Company;

13) Signing on behalf of the Company before banks, withdrawing from, depositing into, opening and closing accounts;

14) Representing the Company before the judiciary, arbitral tribunals, third parties, and all other judicial committees and tribunals, with regard to filing claims and lawsuits; pleading and defending; litigating, providing clearances, and conciliating; holding others accountable, dividing, and sorting; taking, accepting, and rejecting the oath; abandoning the litigation; accepting, receiving, denying, objecting to, and appealing judgments, hearing and responding to lawsuits; settling; denying; reconciling; waiving; discharging; presenting witnesses and evidence, and challenge the same; responding, impeaching and amending; claiming forgery; rejecting documents, seals and signatures; requesting and lifting travel bans; requesting foreclosure and enforcement; agreeing to have recourse to arbitration; requesting arbitration; appointing experts and arbitrators; challenging the reports of experts and arbitrators, as well as dismissing and replacing such experts and arbitrators; filing a nullity action; requesting the implementation of Article 230 of the Law of Procedure before Sharia Courts; requesting the enforcement of judgments, objecting to such judgments, and receiving the proceeds from enforcement of these judgments in the name of the Company; accepting, denying, objecting to and appealing judgments; seeking reconsideration; requesting restitution and pre-emption; concluding all necessary measures and attending hearings in all cases before all courts; receiving judgment instruments; requesting the dismissal of the judge; requesting interposition and intervention; waiving all rights and lawsuits on behalf of the Company; waiving the judgment, in whole or in part, or by way of appealing it, lifting interdiction, dropping out the mortgages while sustaining the debt, claiming forgery, recusing a judge, or appointing and dismissing an expert, and signing necessary documents, before all Sharia courts, Administrative Courts (Board of Grievances), labor offices, Committees for the Settlement of Financial Disputes, Committees for Settlement of Banking Disputes, Committees for the Resolution of Securities Disputes, Committees for the Settlement of Commercial Disputes, Customs and Commercial Fraud Committees, Control and Investigation Board, and Bureau of Investigation and Public Prosecution; dealing with all the relevant authorities; and completing all the necessary procedures and signing all documents required for the same; and delegating all or some of the above powers to third parties that may also delegate these powers to or dismiss others.

15) Delegating any of his powers under this Article to a third party under a written delegation.

The Vice Chairman shall replace the Chairman in case of the latter's absence.

The Managing Director, if appointed, shall have the powers specified in his appointment decision

The Board shall appoint a Secretary, whether from among the Directors or otherwise. The Secretary shall carry out the following duties:

1) Preparing the agenda of the Board and General Assembly.

2) Coordinating with the Executive Management with regard to addition of the topics that the Executive Management or the Chairman deems to be added to the items of the agenda of any of the Board and General Assembly meetings;

3) Preparing the invitation and taking the necessary procedures relating to the meeting of the General Assembly and the Board, developing the minutes of meeting, recording them and saving them in the relevant records.

4) Receiving the Board's messages and submitting them to the Board or the Chairman, as the case may be.

5) Following-up on the Board resolutions.

6) Organizing clerical work, records and document keeping.

7) Submitting reports to the Board for consideration.

8) Circulating the resolutions that the Board deems to be circulated and published.

9) Presenting membership applications to the Board.

10) Preparing the annual report and submitting it to the Board in preparation for presentation to the General Assembly.

The Board of Directors shall determine the remuneration of the Secretary in his appointment decision.

The term of the Chairman, the Deputy Chairman, the Managing Director, and the Secretary who is a Board member shall not exceed the term of their respective membership in the Board, and they may be re-appointed. The Board may, at all times, remove all or any of them without prejudice to their right to damages, if the removal is made without acceptable justification or at an improper time.

f) Directors' Remuneration

The remuneration of the Directors shall be a lump sum of two hundred thousand Saudi Riyals (SAR 200,000) per annum for each Director and shall be within the limits prescribed in the provisions of the Companies Law and its Regulations. The Board's report to the General Assembly shall include a comprehensive statement of all remunerations, expense allowances and other benefits received by the Board Directors during the financial year. It shall also include a statement of amounts paid to the Directors as employees or administrators or amounts paid to them for technical, administrative, or advisory works. In addition, the report shall include a statement of the number of Board meetings, as well as the number of Board meetings attended by each Director from the date of the last meeting of the General Assembly.

g) Board Meetings

The Board of Directors shall meet at least four (4) times a year, upon the invitation of the Chairman, which shall be made via e-mail or any other means of communication to be sent to each Director at least ten (10) working days before the date of the meeting. The Chairman shall call the Board to convene whenever two (2) Directors so request it.

h) Quorum of Board Meeting

A Board meeting shall be quorate only if attended by at least three (3) Directors. A Director may authorize another Director to attend the Board meeting, in accordance with the following controls:

1) A Director may not represent more than one other member at any meeting.

2) The representative should be appointed in writing.

3) The Deputy may not vote on resolutions on which the law prohibits the principal to vote.

The Board's resolutions shall be made by the majority of votes of Directors present in person or by proxy. In case of a tie vote, the Chairman of the meeting shall have the casting vote.

The Board of Directors may issue resolutions in urgent matters resolutions by having them circulated separately to Directors, unless a Director requests in writing a meeting to deliberate on such resolution. Any such resolutions shall be presented to the Board at its next meeting for approval.

i) Deliberations of the Board

Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, the present Directors and the Secretary. Such minutes shall be entered in a special register signed by the Chairman and the Secretary.

The Board of Directors may hold the meeting online, using modern technology.

j) Audit Committee

By a resolution of the Ordinary General Assembly, an Audit Committee shall be formed of non-executive Directors, whether from Shareholders or other persons, provided that the committee has at least three and up to five members. Such resolution shall include tasks and responsibilities of the committee together with the remunerations of its members.

k) Quorum of Audit Committee Meeting

Audit Committee meeting shall be valid if attended by majority of its members. Resolutions shall be adopted by majority of votes present. In the case of a tie vote, the vote of the Chairman shall prevail.

l) Competencies of the Audit Committee

The Audit Committee shall be competent to control the Company's business. In order to do so, it may have access to the Company's records and documents and request any clarification from the Board of Directors or Executive Management. Further, audit committee may request the Board of Directors to invite the Company's General Assembly to convene if its business is hindered by the Board of Directors or if the Company sustained material losses or damages.

m) Reports of the Audit Committee

The Audit Committee shall consider the Company's financial statements, reports and notes submitted by the auditor and provide its opinions concerning them, if any. In addition, it shall prepare a report concerning its opinion on the adequacy and efficiency of the Company's internal control system along with other businesses within its scope of work. The Board shall keep enough copies of this report in the Company's Head Office at least 21 days prior to the date of the General Assembly meeting, in order to provide it to any Shareholder wishing to have the same. The auditor's report shall be read at the General Assembly meeting.

n) Appointment of Auditor

The Company shall have one auditor (or more) to be selected from the auditors licensed to practice in the Kingdom. The Ordinary General Assembly may appoint the Auditor annually and determine its remuneration and the duration of work. The Ordinary General Assembly may replace this auditor at any time without prejudice to its rights to compensation if such replacement was due to illegitimate reason or at an inappropriate time.

o) Powers of Auditor

The auditor shall, at all times, have access to the Company's books, records, and any other documents. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities, and other matters that may pertain to the scope of its activities. The Chairman of the Board of Directors shall enable the auditor to perform his duty. If the auditor encounters any difficulty in this respect, he shall state that fact in a report to be submitted to the Board of Directors. If the Board fails to facilitate his task, the auditor must call for Ordinary General Assembly to look into the matter.

p) Fiscal Year

The Company's financial year shall commence on January 1, and end at the end of December of each year, such that the first financial year after the conversion completes the financial year before the conversion.

q) Financial Documents

1) At the end of each financial year, the Board shall prepare the financial statements of the Company and a report of its activities and financial position for such financial year, including the proposed method to distribute dividends. The Board of Directors shall put these documents at the disposal of the auditor at least forty-five (45) days prior to the date specified for the General Assembly.
2) The Chairman, CEO, and CFO shall sign documents referred to in Item 1 of this Article. A copy thereof shall be placed in the Company's headquarters at the disposition of Shareholders at least twenty-one (21) days prior to the date set for the General Assembly meeting.
3) The Chairman shall provide Shareholders with the Company's financial statements, the Board of Directors' report, and auditor report, unless they are published in a daily newspaper distributed at the Company's headquarters. Furthermore, the Chairman shall also send a copy of these documents to the competent authorities at least fifteen (15) days before the date specified for the General Assembly.

12-4-3 Rights and Restrictions Related to Securities

a) The Company's Capital

The Company's capital is set at eight hundred fifty million Saudi Riyals (SAR 850,000,000) divided into eighty-five million (85,000,000) Shares with an equal nominal value of ten Saudi Riyals (SAR 10) each, all of which are Ordinary in-kind Shares.

b) Subscription to the Offer Shares

The Shareholders subscribed for the entire capital of eighty-five million (85,000,000) fully-paid nominal Shares with a total value of eight hundred fifty million Saudi Riyals (SAR 850,000,000). The Shareholders acknowledge their joint responsibility in their own funds toward third parties and that the entire capital of the Company was paid before the conversion. The capital increase, which amounted to eight hundred forty million Saudi Riyals (SAR 840,000,000) was made by: (1 transferring an amount of seven hundred eighty-eight million five hundred thousand Saudi Riyals (SAR 788,500,000) from the account of retained earnings, and (2 transferring an amount of fifty-one million five hundred thousand Saudi Riyals (SAR 51,500,000) from the account of the proposed capital increase in accordance with the certificate of the Auditor (Ernst and Young & Co. (Public Accountants)) issued on 10/28/1442H (corresponding to 05/10/2021G).

c) Sale of Unpaid Shares

1) Each Shareholder undertakes to pay the value of the Shares on the dates set for such payment. Should a Shareholder fail to pay at the due time, the Board may, after notification of the Shareholder via registered mail, sell the Shares at public auction or on the stock exchange in accordance with controls set by the competent authority.
2) The Company shall collect the amounts due thereto from the proceeds of the sale and return the remainder to the Shareholder. If the proceeds of the sale fall short of these amounts, the Company is entitled to recover the unpaid balance from the Shareholder's entire fortune.
3) However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard.
4) The Company shall cancel the shares sold in accordance with this Article, and issue to the purchaser new shares bearing the serial numbers of the canceled shares, and make an annotation to this effect in the share register specifying the name of the new holder.

d) Shareholders Register

The Company's shares shall be traded by an entry in the shareholders register maintained by the Company which contains the Shareholders' names, nationalities, residence addresses, and occupations, the number of their shares; and the amounts paid up on such shares. In this entry, an annotation shall be made on the share. A transfer of a nominal share shall only take effect from the date of its entry in the said register as far as the Company or third parties are concerned.

e) Share Certificates

The Company shall issue share certificates with serial numbers. The share certificates shall be signed by the Chairman of the Board of Directors, or by a Director authorized on the Chairman's behalf, and sealed with the Company's stamp. The share certificate shall, in particular, show the number and date of the Ministerial Resolution authorizing the conversion of the Company to a joint-stock company, the number and date of the Ministerial Resolution announcing the conversion of the Company, the nominal value of shares, the paid amount therefrom, and the Company's objects in brief, head office and term. The shares may have coupons with serial numbers, and each coupon shall bear the number of the share to which it is attached.

f) Trading of Shares

Shares subscribed for by the founders may only be traded after publishing the financial statements for two financial years, each covering a period of at least 12 months from the date of the resolution converting the Company, or upon obtaining the approval of the competent authority otherwise. A notification shall be made on the respective share warrants indicating their class, the Company's date of conversion, and the period during which their trading shall be suspended.

However, during the Lock-Up Period, shares may, in accordance with the legal provisions for the sale of equity, be transferred from one founder to another, or from the heirs of a deceased founder to a third party, or in the seizure of the funds of an insolvent or bankrupt founder provided that other founders are given the priority to own such shares.

The provisions of this Article shall also apply to such shares that are subscribed for by the founders in case of an increase of capital prior to the expiry of Lock-Up Period.

g) Dividend Distribution

The Company's annual net profits shall be distributed as follows:

1) Ten percent (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when such statutory reserve totals 30% of the Company's paid-up capital.
2) The Ordinary General Assembly may, upon the request of the Board, set aside 5% of the net profits to form an additional reserve to be allocated towards the purposes determined by the Assembly;
3) The Ordinary General Assembly may resolve to form other reserves so as to serve the Company's interests, or ensure the distribution of fixed dividends – as much as possible – to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social institutions for the Company's employees, or to support existing institutions of such kind; and
4) Out of the balance of the net profits, Shareholders shall receive a payment of no less than 3% of the Company's paid-up capital.

h) Profits Entitlement

A Shareholder shall be entitled to his share in the profits in accordance with resolution adopted by Ordinary General Assembly, as it shall set out due date and distribution date. Shareholders who are registered in the share register at the end of due day shall have the priority over profits.

i) Liability Claims

Each Shareholder shall have the right to file a liability claim, vested in the Company, against the members of the Board if they have committed a fault which has caused some particular damage to such Shareholder. However, the Shareholder may institute such action only if the Company's right to institute it is still valid. The Shareholder shall notify the Company of its intention to file such action.

12-4-4 Amendment of Share Rights or Classes

a) Issue of Shares

The shares shall be nominal shares, and may not be issued at less than their nominal value. They may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to the Shareholders' equity, and may not be distributed as a Shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to the said share, and they shall be jointly responsible for the obligations arising from the ownership of the said share.

b) The Company's Purchase, Sale and Pledge of its Shares

The Company may purchase or pledge its shares in accordance with controls imposed by the competent authority. The shares purchased by the Company shall not entitle it to have votes in the shareholders' assemblies. The Company may purchase its shares for the purpose of allocating them to its employees as part of the Employee Stock Ownership Plan in accordance with controls imposed by the competent authority. The Company may also sell treasury shares in one or several stages in accordance with controls laid down by the competent authority.

c) Capital Increase

1) An Extraordinary General Assembly may resolve to increase the Company's capital, provided that the capital has been paid up in full. The Capital does not need to be paid in full when the unpaid part thereof corresponds to shares issued in exchange for converting debts or financing instruments into shares and the term prescribed for their conversion has not yet ended.
2) In all cases, the Extraordinary General Assembly may allocate all or some of the shares issued by the capital increase to all or some of the employees in the Company and its subsidiary. Shareholders may not exercise pre-emptive rights when the Company issues shares designated for employees.

3) Shareholders who own shares upon the Extraordinary General Assembly issuing a resolution to increase the capital have a priority of subscription for new shares issued for cash shares. Such priority shall be published in a daily newspaper, or they shall be notified by registered mail of capital increase resolution and subscription conditions, duration, and date of commencement and termination.

4) The Extraordinary General Assembly may suspend the Shareholders' pre-emptive right to subscribe for an increase in the number of Shares of the Company against contributions in cash, or may give priority to non-Shareholders in such cases as it deems appropriate for the Company.

5) Shareholders shall be entitled to sell or waive the right of priority during the period from the time of the resolution of the General Assembly approving the capital increase to the last day of subscription in the new shares related to such rights, in accordance with the regulations determined by the competent authority.

6) Subject to the provisions of Paragraph 4 above, new shares shall be distributed to pre-emptive right holders who request to subscribe in proportion to the total pre-emptive rights resulting from capital increase provided that the number of shares allotted to them does not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to the original Shareholders who have asked for more than their proportionate share, in proportion to their share of pre-emptive rights of the total pre-emptive rights resulting from capital increase provided that the number of shares allotted to them does not exceed the number of new shares they have applied for. The rest of the shares shall be offered to third parties unless otherwise provided for by the Extraordinary General Assembly or the Capital Market Law.

d) Capital Decrease

The Extraordinary General Assembly may resolve to decrease the capital if it exceeds the Company's need or if the Company has incurred from losses. In the latter case only, the capital may be decreased below the limit stipulated in Article 45 of the Companies Law. Such a resolution shall be issued only after receiving a special report prepared by the auditor on the reasons for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations.

If the reason for the capital reduction is due to the capital being in excess of the Company's needs, the Company's creditors must be invited to express their objection to such reduction within sixty (60) days from the date of publication of the resolution relating to the reduction in a daily newspaper distributed in the region where the Company's headquarters are located. Should any creditor object and present to the Company evidentiary documents within the time limit set above, then the Company shall pay the creditor any debt due at the time or present an adequate guarantee of payment if the debt is due on a later date.

e) Debt Instruments

1) The Company may issue negotiable and indivisible debt or financing instruments of equal value in accordance with the Islamic Sharia and the Companies Law.

2) In accordance with the Islamic Sharia and the Capital Market Law as well as other applicable laws and regulations, the Company may, by a decision of the Extraordinary General Assembly, issue negotiable debt instruments of any form, whether in the Saudi currency or otherwise, and whether inside or outside the Kingdom, such as bonds and sukuk. The Extraordinary General Assembly may authorize the Board of Directors to issue such debt instruments, including bonds and sukuk, whether they are issued in one or several parts of a series of issuances under one or more programs established from time to time by the Board of Directors, at such times and in such amounts and conditions as may be approved by the Board of Directors. The Board of Directors shall have the right to take all necessary measures for their issuance.

3) The Company may, by a resolution of the Extraordinary General Assembly, issue debt or financing instruments convertible into shares after a resolution is made by the Extraordinary General Assembly wherein the maximum number of shares, which may be issued in return for such instruments or sukuk, are determined, either in one or several parts of a series of issuances under one or more debt or financing instrument programs. The Board of Directors may issue, without having to obtain a new approval from the Extraordinary General Assembly, new shares in return for such instruments or sukuk whose holders demand that they be converted immediately after the termination of the conversion request period for such instrument holders. The Board shall take all necessary action to amend the Company's Bylaws with regard to the number of issued shares and the capital. The Board shall declare the completion of measures taken for each increase in the capital as prescribed in the Bylaws in order to declare resolutions of the Extraordinary General Assembly.

12-4-5 General Assemblies

a) General Assemblies

Each Subscriber, whatever the number of shares held, shall have the right to attend the Conversion Assembly, and each Shareholder shall have the right to attend General Assembly meetings. They may also authorize a third party, other than Directors or the Company's employees, to attend the General Assembly on his behalf.

b) Conversion Assembly

The Shareholders shall call all Subscribers to convene a Conversion Assembly within (45) forty-five days from the date of the Ministry's resolution authorizing the conversion. The meeting shall be valid if attended by a number of Subscribers representing at least half of the capital. If such quorum is not reached, then a second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the invitation of the first meeting so stipulates. This meeting shall be valid regardless of the number of Subscribers represented therein.

c) Powers of the Conversion Assembly

The Conversion Assembly shall have the powers set out in Article 63 of the Companies Law.

d) Mandate of Ordinary General Assembly

With the exception of the matters falling within the competencies of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent in all matters related to including, but not limited to:

1) Appointing and removing the Directors;

2) Authorizing Directors to have a direct or indirect interest in business and contracts made in favor of the Company in accordance with the provisions of the Companies Law and its regulations;

3) Licensing a Director to participate in a business that would compete with the Company or any of its activities, in accordance with the provisions of the Companies Law and its regulations;

4) Monitoring the Directors' compliance with the provisions of the Companies Law and its Regulations, other relevant laws and the Company's Articles of Association, and considering any damage resulting from their violation of such provisions or mismanagement of the Company's affairs, determining the liability arising therefrom, and taking the necessary action in this regard in accordance with the Companies Law and its Regulations;

5) Forming the Audit Committee in accordance with the provisions of the Companies Law and its Regulations;

6) Approving the Company's financial statements;

7) Approving the report of the Board of Directors;

8) Deciding on the proposals of the Board with respect to the method of distributing the net profits;

9) Appointing, reappointing and replacing the Company's auditors, determining their remuneration and approving their reports;

10) Considering violations and mistakes made by the Company's auditors in the performance of their duties, and any difficulties notified by the Company's auditors in being enabled by the Board of Directors or the Company's management to review the necessary books, records and other documents, data and clarifications to perform their tasks, and taking the appropriate action in this regard;

11) Stopping the setting aside of the Company's statutory reserve when such statutory reserve totals 30% of the Company's paid-up capital, and deciding to distribute the excess percentage to the Company's Shareholders in financial years in which the Company does not achieve net profits;

12) Using the Company's consensual reserve if it is not allocated for a specific purpose, based on a proposal of the Board of Directors and in a manner that serves the Company or Shareholders;

13) Creating and disposing of other reserves for the Company, other than the statutory reserve and the consensual reserve;

14) Deducting sums from the Company's net profits to establish social institutions for the Company's employees or to support existing institutions, in accordance with Article 129 of the Companies Law; and

15) Approving before the issuance of a decision to sell more than fifty percent (50%) of the Company's assets, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. If the sale of such assets falls within the powers of the Extraordinary General Assembly, the approval of said Assembly shall be required.

The Ordinary General Assembly shall be held at least once a year during the six months following the end of the Company's financial year. Additional Ordinary General Assemblies may be convened when necessary.

e) Mandate of Extraordinary General Assembly

The Extraordinary General Assembly shall be competent in the following:

1) Amending the Bylaws, except for those items whose amendment is prohibited under the law;

2) Increasing the Company's capital in accordance with the conditions of the Companies Law and its Regulations;

3) Reducing the Company's capital if it is in excess of the Company's need or if the Company suffers financial losses, in accordance with the conditions of the Companies Law and its Regulations;

4) Deciding to form and dispose of a consensual reserve for the Company as stipulated in these Bylaws for a specific purpose;

5) Resolving to maintain or liquidate the Company before the expiry of its term specified in its Bylaws;

6) Approving the Company's share buy-back;

7) Issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against these instruments or deeds;

8) Allocating capital increase shares or portions thereof to the employees of the Company and to the employees of all or some of its subsidiaries, or any of them; and

9) Suspending the Shareholders' pre-emptive right to subscribe for the capital increase against contributions in cash or giving priority to non-Shareholders as it deems appropriate for the Company.

The Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly, under the same rules and conditions applicable thereto.

f) Convening General Assemblies

The General Assemblies shall be convened at the invitation of the Board of Directors. The Board of Directors shall call a meeting of the Ordinary General Assembly if so requested by the auditor, the Audit Committee, or one or more Shareholders whose ownership percentage represents at least 5% of the ordinary shares. The auditor may call for the Assembly to convene if the Board of Directors fails to do so within thirty (30) days of the auditor's request.

The invitation for the General Assembly must be published in a daily newspaper to be distributed in the Company's Head Office at least twenty-one (21) days prior to the time set for such meeting. Nevertheless, it is sufficient to send the invitation at the designated date to all Shareholders through registered letters. A copy of the invitation and agenda are to be sent to the competent authorities within the specified period of publication.

g) Attendance Record of General Assemblies

Shareholders wishing to attend a General or Special Assemblies shall register their names at the Company's headquarters or through the electronic registration provided by the Company before the time fixed for such assembly.

h) Quorum of Ordinary General Assembly

The Ordinary General Assembly shall be valid only if attended by Shareholders representing one-half of the Company's share capital. If this quorum is not met, a second meeting shall be invited to be held one hour after the end of the period specified for the first meeting. The invitation to the first meeting shall maintain the possibility of holding a second one. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

i) Quorum of Extraordinary General Assembly

The Extraordinary General Assembly shall be valid only if attended by Shareholders representing two-thirds of the Company's share capital. If this quorum is not met, a second meeting may be invited to be held one hour after the end of the period specified for the first meeting. The invitation to the first meeting shall maintain the possibility of holding a second one. In all cases, the second meeting shall be valid if attended by a number of Shareholders representing at least one quarter of the Company's share capital.

If the required quorum has not been provided in the second meeting, there shall be an invitation for the third meeting in accordance with Article 32 of the Company's Bylaws and the third meeting shall be deemed valid irrespective of the number of the Shares represented therein upon the approval of the competent authority.

j) Voting at Assemblies

Each Subscriber shall have one vote for everys represented by him in the Conversion Assembly, and each Shareholder shall have one vote for every share represented by him in the General Assemblies. Cumulative voting shall be used in electing the Board of Directors.

k) Assembly Resolutions

Resolutions of the Conversion Assembly shall be adopted by an absolute majority (more than 50%) of the shares represented thereat. The Ordinary General Assembly resolutions shall be issued by an absolute majority (more than 50%) of the shares represented at the meeting. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two-thirds (2/3) of the shares represented at the meeting. However, if the resolution to be adopted is related to a capital increase or decrease, the extension of the Company's term, the dissolution of the Company prior to the expiry of the term specified under the Bylaws or the merger of the Company with another company, then such resolution shall be valid only if adopted by a majority vote of three-quarters (3/4) of the shares represented at the meeting.

l) Discussion During Assemblies

Every Shareholder shall have the right to discuss the matters listed in the agenda of a General Assembly, and to address questions to the Directors and the auditor in respect thereof. The Directors or the auditor shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a Shareholder feels that the answer to a question put by him is unsatisfactory, he may appeal to the General Assembly whose resolution shall be final in this respect.

m) Chairing the Assembly and Preparation of Minutes

The Shareholders' General Assembly meetings shall be presided over by the Chairman, their deputy (if the Chairman is absent) or whoever is delegated by the Board from among its members if the Chairman and their Deputy are absent.

Minutes shall be drawn up at the meeting of the Assembly, including the number of Shareholders present or represented, the number of shares in their possession, whether personally or by proxy, the number of votes allotted thereto, the resolutions adopted, the number of consenting and dissenting votes, and a comprehensive summary of the debate conducted at the meeting. Following every meeting, the minutes shall be regularly recorded in a dedicated ledger, which shall be signed by the Chairman, Secretary, and Canvasser.

12-4-6 Liquidation and Dissolution of the Company

a) Company Losses

1) If the losses of a joint stock company total half of its paid-up capital at any time during the financial year, any of the Company's officers or auditor must, upon learning of such losses, inform the Chairman. The Chairman shall, immediately, inform the Board of such losses, and the Board shall, within fifteen (15) days of its knowledge thereof, call for an Extraordinary General Assembly to convene within fortyfive (45) days from the date it was informed of the losses. Such meeting shall be held to consider whether the Company's capital is to be increased or decreased in accordance with the provisions of the Companies Law such that the losses become less than half of the Company's paid-up capital, or to dissolve the Company before the end of its term as stated in the Companies Law.

2) The Company shall be deemed terminated by force of law if the General Assembly is not convened during the term specified in Paragraph 1 of this Article, if the General Assembly is convened but is unable to adopt a resolution on the matter, or if the General Assembly resolves to increase the capital in accordance with the conditions specified in this Article but the capital increase is not fully subscribed for within 90 days from the date on which the General Assembly adopted the resolution to increase the capital.

b) Dissolution of the Company

Upon its dissolution, the Company enters into a stage of liquidation while retaining its legal entity to the extent required for the wind up. The optional liquidation decision shall be issued by the Extraordinary General Assembly. The resolution for liquidation shall include the appointment of a liquidator, allocation of his powers and fees, the restrictions imposed on his powers, and the required period for liquidation. The period for optional liquidation shall not exceed five years, and may not be extended without a judicial order. The powers of the Board shall cease upon the dissolution of the Company. However, the Board shall continue to manage the Company and shall be deemed, as to third parties, as liquidators until a liquidator has been appointed. The company's meetings shall continue to exist, and shall be confined to exercising their powers that do not conflict with the powers of the liquidator.

12-5 Material Agreements

The Company entered into several material agreements and contracts with some parties as at June 30, 2021G. This section provides a summary of the agreements and contracts that the Directors believe are material in relation to the Company's business or may affect the investors' decision to subscribe to the Offer Shares. The summary of the agreements and contracts set out below does not include all terms and conditions and may not be considered a substitute for the terms and conditions of such agreements.

12-5-1 Supply Agreements

The Company entered into two hundred twenty-four (224) supply agreements with a number of suppliers. These agreements were concluded in accordance with a unified form of terms and conditions. Under the supply agreements, the supplier shall supply a number of pharmaceutical and medical products and equipment to the Company on commercial terms and in the amounts specified in the purchase orders. The supply agreements also stipulate that the Company shall offer and market the products supplied by any particular supplier as agreed between the two parties. Under each supply agreement, suppliers shall participate in marketing activities to assist in the sale of the products under each supply agreement. The following is a summary of the ten (10) largest supply agreements in terms of the purchase volume accounting for the Company's highest payments as at June 30, 2021G:

Table (12-8): The Summary of the Ten (10) Largest Supply Agreements in Terms of the Purchase Volume Accounting for the Company's Highest Payments

#	Parties	Effective Date	Term and Renewal
1.	The Company and Farouk Maamoun Tamer & Co	06/05/1441H (corresponding to 01/01/2020G).	It is valid until 06/07/1444H (corresponding to 12/31/2022G), and it may be renewed under the written consent of both parties. The agreement shall remain in effect on a monthly basis until the renewal is agreed upon.
2.	The Company and the Saudi International Trading Company (SITCO)	17/05/1442H (corresponding to 01/01/2021G).	It is valid until 05/18/1445H (corresponding to 12/31/2023G), and it may be renewed under the written consent of both parties. The agreement shall remain in effect on a monthly basis until the renewal is agreed upon.
3.	The Company and Cigalah Medpharma	06/05/1441H (corresponding to 01/01/2020G).	It is valid until 06/07/1444H (corresponding to 12/31/2022G), and it may be renewed under the written consent of both parties. The agreement shall remain in effect on a monthly basis until the renewal is agreed upon.
4.	The Company and Ismail Abudawood Trading Co.	06/05/1441H (corresponding to 01/01/2020G).	It is valid until 06/07/1444H (corresponding to 12/31/2022G), and will remain valid for a period of three (3) months after its expiry date, during which the two parties shall agree upon the terms of renewal.

#	Parties	Effective Date	Term and Renewal
5.	The Company and Salhiya Trading Company	17/05/1442H (corresponding to 01/01/2021G).	It is valid until 06/07/1444H (corresponding to 12/31/2022G), and it may be renewed under the written consent of both parties. The agreement shall remain in effect on a monthly basis until the renewal is agreed upon.
6.	The Company and Cigalah Healthcare Com (Afaq)	08/08/1441H (corresponding to 04/01/2020G).	It is valid until 05/27/1443H (corresponding to 12/31/2021G), and it may be renewed under the written consent of both parties. The agreement shall remain in effect on a monthly basis until the renewal is agreed upon.
7.	The Company and Tabuk Pharmaceuticals	05/17/1442H (corresponding to 01/01/2021G).	It is valid until 05/27/1443H (corresponding to 12/31/2021G), and it may be renewed only under the written consent of both parties.
8.	The Company and Tamer Arabia Trading Co.	04/14/1439H (corresponding to 01/01/2018G).	It is valid until 05/27/1443H (corresponding to 12/31/2021G), and it may be renewed under the written consent of both parties. The agreement shall remain in effect on a monthly basis until the renewal is agreed upon.
9.	The Company and Al-Haya Medical Company	05/17/1442H (corresponding to 01/01/2021G).	It is valid until 05/18/1445H (corresponding to 12/31/2023G), and it may be renewed under the written consent of both parties. The agreement shall continue to be in effect on a monthly basis until the renewal is agreed upon.
10.	The Company and Ahmed Mohammed Abdul Wahab Naghi & Sons Co.	06/05/1441H (corresponding to 01/01/2020G).	It is valid until 05/18/1445H (corresponding to 12/31/2023G), and it may be renewed under the written consent of both parties. The agreement shall remain in effect on a monthly basis until the renewal is agreed upon.

Source: The Company

12-5-2 Distribution Agreements

The Company entered into eleven (11) agreements under which it will operate as a distributor in the Kingdom and other GCC countries for a number of manufacturers of medicines and pharmaceutical products. A summary of such agreements is stated below:

a) Distribution Agreement with Advalight

The Company entered into a distribution agreement with Advalight on 12/22/1441H (corresponding to 08/12/2020G), whereby the Company shall act as a distributor of Advalight's products in the Kingdom, UAE, Qatar, Bahrain, and Oman ("**Advalight Territory**"). The Company shall not engage in any marketing, sales, or other activity relating to Advalight's products outside of the Advalight Territory. In relation to its marketing and sales activities, the Company shall use Advalight's trademarks as instructed by Advalight from time to time. The Company may issue binding purchase orders to Advalight, which must be delivered to Advalight no later than three (3) months prior to the estimated date of their shipping to the end customer.

The term of the agreement is three (3) years as of 12/01/1441H (corresponding to 07/22/2020G).

As long as the agreement is not terminated by either party, Advalight shall refer all inquiries relating to the sale or installation of Advalight's products under the agreement in the Advalight Territory to the Company and shall not designate other distributors to sell Advalight's products or solicit representatives in the Advalight Territory, such that the conditions described below are met.

The Company shall be granted exclusive rights in the Kingdom and the United Arab Emirates for six (6) months after a period of six (6) months from the date the following targets are met:

- Achieving the annual sales target as agreed between the two parties;
- Carrying out marketing activities as set out in the marketing plan agreed upon by the parties covering the period, and
- Fulfilling all regulatory, financial and legal requirements and obligations prescribed in the agreement.

The Company's distribution rights in Qatar, Bahrain and Oman shall not be exclusive.

During the term of the agreement, the Company shall not share or support any business directly related to other yellow light laser products.

Either party shall have the right to terminate the agreement for a valid reason upon written notice of three (3) months to the other party, provided that it is not valid before December 2020G.

A dispute arising out of or in relation to the agreement shall be finally settled in Copenhagen, Denmark, in accordance with the Rules of Procedure of the Danish Institute of Arbitration and Danish Law (excluding the rules of choice of law), unless otherwise agreed by the parties. Advalight may, at its sole discretion, seek to resolve a dispute under the appropriate law and courts of the country in which the Company is located.

b) Distribution Agreement with Insausti

The Company entered into a distribution agreement with Insausti on 11/30/1441H (corresponding to 07/21/2020G), whereby the Company shall act as the exclusive distributor of Insausti's products in the Kingdom as set out in the Agreement.

The agreement has a term of two years starting on 12/01/1441H (corresponding to 07/22/2020G), to be renewable for an additional year unless either party notifies the other of its intent not to renew three (3) months before the expiry date of the agreement.

The agreement shall give the Company the exclusive right to distribute Insausti's products in the Kingdom.

Throughout the term of the agreement, Insausti shall, directly or indirectly, refrain from manufacturing, distributing, promoting, marketing and selling products that may compete with the products distributed by the Company in the Kingdom, whether directly or indirectly, and whether through its technical characteristics, interests, appearance, or presentation.

In addition, throughout the term of the agreement, the Company shall refrain from participating directly or indirectly in activities or companies that intend to carry out activities that compete with those of Insausti, in particular the companies that intend to manufacture or market competing products. JONCN China products shall be exempt from the non-competition obligation.

The agreement shall be governed by and construed in accordance with the French legislation. A dispute arising out of or in relation to the agreement, which cannot be resolved amicably, shall be referred to the courts in Paris.

c) Distribution Agreement with LED Tailor

The Company entered into an undated distribution agreement with LED Tailor, whereby the Company shall sell and distribute LED Tailor's products to customers in the Kingdom as agreed upon by the two parties.

The agreement has a term of one year starting on 12/11/1441H (corresponding to 08/01/2020G), and it shall remain valid until 01/02/1444H (corresponding to 07/31/2022G). The agreement shall be automatically renewed for similar periods.

The agreement shall give the Company the exclusive right to distribute LED Tailor's products in the Kingdom.

The Company shall not accept any representation or purchase in the Kingdom for resale of any category or type of products that compete or are likely to compete with the products offered by LED Tailor in the Kingdom. The Company shall not manufacture products or any parts thereof or any category or type of products that compete or are likely to compete with LED Tailor's products in the Kingdom without the written consent of LED Tailor.

Either party may terminate this Agreement by a written notice of at least six (6) months from the date of termination to the other party. Neither party may give notice of termination more than six (6) months prior to 01/02/1444H (corresponding to 07/31/2022G).

All rights relating to the information, including intellectual property rights, shall remain the right of the party providing such information, and the Company shall not challenge LED Tailor about its rights in trademarks and shall not register or apply for the registration in any country of any word or symbol for LED Tailor's products LED Tailor.

The agreement shall be construed in accordance with the laws of Finland. A dispute arising out of the agreement that cannot be resolved amicably shall be settled in accordance with the ICC Rules of Conciliation and Arbitration, provided that the arbitration shall be situated in London.

d) Distribution Agreement with MTS

The Company entered into a distribution agreement with MTS on 03/12/1440H (corresponding to 11/20/2018G), whereby MTS shall give the Company the right to distribute medical tools and services in the Kingdom, as agreed upon by the two parties. In addition, MTS shall grant the Company a license to use the MTS trademark in the Kingdom for the purpose of marketing, distributing, and servicing the MTS' products under this agreement. This license shall remain effective throughout the term of the agreement and shall be automatically terminated upon the expiration or termination of the agreement. The trademarks shall be the property of MTS, and the Company may not claim the ownership of such trademarks. Any product-related trademarks registered by the Company in the Kingdom shall be the property of MTS.

The agreement commences on 01/21/1440H (corresponding to 10/01/2018G) until 02/13/1442H (corresponding to 09/30/2020G). The agreement shall be automatically renewed for one year after its expiry, provided that the Company shall have fulfilled its obligations under the agreement.

During the term of the agreement, the Company shall not distribute or sell competitive products or services manufactured, sold, or provided by MTS' competitors.

The Company shall, during the term of the agreement, refrain from attracting customers for MTS' products outside the Kingdom without the prior written approval of MTS.

MTS shall have the right to terminate the agreement upon the expiry of its initial term or the renewal period for any reason within sixty (60) days under prior written notice to be sent by registered mail.

The agreement shall be governed by and construed in accordance with the substantive laws of Germany, without regard to its conflict of laws principles. With respect to any dispute arising out of or in relation to the agreement, the party shall submit to the jurisdiction of the courts in Konstanz, Germany.

e) Distribution Agreement with Shantou

The Company entered into a distribution agreement with Shantou Institute of Ultrasonic Instruments Co., Ltd. ("Shantou") on 03/04/1441H (corresponding to 01/11/2019G), whereby Shantou shall appoint the Company as its exclusive distributor to solicit purchase orders for Shantou's products from customers in the Kingdom as set out in the agreement. The Company shall promote products with Shantou's name and trademarks and may use Shantou's name and trademarks in marketing and promotional activities. For any other use of Shantou's name and trademarks, the Company shall provide prior notice and obtain Shantou's approval. Upon the termination or expiration of the agreement, the Company shall immediately cease to use Shantou's name and trademarks.

The term of the agreement shall begin on 06/05/1441H (corresponding to 01/01/2020G) and expire on 06/07/1444H (corresponding to 12/31/2022G), to be renewable under a new agreement and terms to be agreed upon by both parties.

Shantou shall not sell or export products directly to customers in the Kingdom through channels other than the Company. The Company may not sell, distribute, or promote sales of any products competing with or similar to Shantou's products in the Kingdom and shall not provide or accept orders for the purpose of selling Shantou's products outside the Kingdom.

The Agreement shall be governed by and construed in accordance with the laws of Singapore. Any dispute, disagreement or claim arising out of or relating to the agreement shall be settled by a competent court in Singapore.

f) Distribution Agreement with Labkon

The Company entered into a distribution agreement with Labkon on 03/04/1441H (corresponding to 11/01/2019G), whereby Labkon shall grant the Company the exclusive right to distribute and sell such health care products and dietary supplements as prescribed in Annex I of the agreement. The agreement includes the trademarks "Oh White!" and/or Labkon only, in accordance with Annex I of the agreement. Labkon shall grant the Company the right to use the "Oh White!" and/or Labkon trademarks as provided in the agreement, which is the exclusive property of Labkon. They may not be assigned by the Company to third parties without Labkon's prior written consent.

The Agreement has a term of three (3) years, starting from its date until 04/06/1444H (corresponding to 10/31/2022G), provided that both parties comply with all of its terms and conditions. The agreement shall be automatically renewed for a similar period of three (3) years, unless either party notifies the other of its intent not to renew it at least three (3) months before the expected date of expiry or either party proposes that the objectives and milestones prescribed in the agreement to be redefined and the other party accepts the same, at least three (3) months before the expected date of termination.

The Company may not, directly or indirectly, develop, manufacture or distribute any products similar to or competing with "Oh White!" and/or Labkon products.

All disputes, disagreements or claims between the parties arising out of or relating to the agreement shall be governed by and construed in accordance with the laws of the Dubai Chamber of Commerce and shall be resolved in accordance with the arbitration laws of UAE.

g) Distribution Agreement with Principals MENA

The Company entered into an exclusive distribution agreement with Principals MENA on 09/08/1441H (corresponding to 05/01/2020G), whereby Principals MENA shall grant the Company, which accepts the same, the exclusive right to market and sell the products listed in Annex I of the agreement in the Kingdom.

The agreement has a term of five (5) years starting on 11/10/1441H (corresponding to 07/01/2020G) until 05/01/1447H (corresponding to 6/30/2025G). The agreement shall be automatically renewed for a period of five (5) consecutive years, unless either party decides to terminate the agreement at the end of the applicable period by prior written notice of at least ninety (90) days to the other party.

The agreement shall be governed by the law of UAE. If a dispute arises out of or in connection with the agreement, the parties shall endeavor to settle such dispute amicably within thirty (30) days. If such dispute cannot be settled amicably, it shall be settled in accordance with the Arbitration Rules of the Dubai Chamber of Commerce.

h) Distribution Agreement with Valley of the Sun

The Company entered into an exclusive distribution agreement with Valley of the Sun on 06/26/1441H (corresponding to 02/23/2020G), whereby Valley of the Sun shall grant the Company the exclusive right to import, register, distribute, promote, market and sell products in the Kingdom as set out in the agreement.

The agreement has a term of five (5) years starting on 07/06/1441H (corresponding to 03/01/2020G), to be automatically renewed for an additional period of five years, unless either party notifies the other party in writing of its intent not to renew at least three (3) months before the expiry of the term.

The agreement shall be governed by the applicable laws of the Kingdom. Any disputes arising out between the parties that could not be resolved amicably shall be settled by the competent courts of the Kingdom.

i) Distribution Agreement with a Mining and Manufacturing Company

The Company entered into a distribution agreement with a mining and manufacturing company on 05/17/1442H (corresponding to 01/01/2021G), whereby the mining and manufacturing company shall grant the Company a non-exclusive right to purchase, distribute, and sell products in the Kingdom as set out in the agreement.

The agreement has a term of one year, to be renewed by written agreement of both parties.

The Company shall not market, promote, sell, or acquire products that compete with the Mining and Manufacturing Company's products that are sold under the agreement without the prior written consent of Mining and Manufacturing Company.

The Company shall maintain all information relating to the agreement.

The agreement shall be governed by the applicable laws of the Kingdom. Any disputes arising out between the parties that could not be resolved amicably shall be settled by the competent courts of the Kingdom.

j) Distribution Agreement with Parsenn

The Company entered into a distribution agreement with Parsenn on 10/14/1442H (corresponding to 05/26/2021G), whereby Parsenn gives the Company an exclusive right to purchase, distribute and sell the Parsenn's products in the Kingdom, as set out in the agreement.

The agreement shall remain in full force and effect until the products are transferred from Switzerland to the Kingdom.

The agreement shall be governed by the applicable laws in Switzerland. Any dispute arising between the parties shall be resolved by way of arbitration in accordance with the DIAC Rules.

k) Distribution Agreement with Pure Born

The Company entered into a distribution agreement with Pure Born on 08/19/1442H (corresponding to 04/01/2021G), whereby Pure Born gives the Company the right to purchase, distribute and sell the products in the Kingdom through the Company's channels.

The agreement shall remain in full force and effect from 11/05/1442H (corresponding to 06/15/2021G) until 12/28/1447H (corresponding to 06/14/2026G). The agreement shall be automatically renewed for a period of five (5) consecutive years unless either party decides to terminate the agreement at the end of the applicable period by prior written notice of at least three (3) months to the other party.

The agreement shall be governed by the applicable laws in the Kingdom and UAE. A dispute that arises between the two parties shall be settled by the competent courts in the Kingdom and UAE.

12-5-3 Agency Agreements

The Company entered into twenty-two (22) agreements under which it acts as an agent in the Kingdom for many manufacturers of medicines and pharmaceutical products. A summary of such agreements is stated below:

a) Agency Agreement with Höllinz

The Company entered into an agency agreement with Höllinz on 10/25/1436H (corresponding to 08/10/2015G), whereby the Company shall act as an agent for Höllinz, and negotiate and conclude any agreements related to the Höllinz's products or Services. the spatial scope of the agreement shall include the GCC countries, Algeria, Morocco, Libya, Tunisia, Egypt, Syria, Yemen, Lebanon, Jordan, European Union, Kenya, Nigeria, South Africa, USA, and Canada.

The term of the agreement shall commence on 11/17/1436H (corresponding to 09/01/2015G) and expire on 03/08/1447H (corresponding to 08/31/2025G), to be automatically renewed for an additional term unless either party notifies the other in writing of its intent to terminate the agreement three (3) months before its expiry date.

The agreement shall be governed by the applicable laws in the Kingdom. Any disputes arising from the agreement that cannot be resolved amicably shall be referred to the commercial courts in the Kingdom or a local tribunal in accordance with the Arbitration Law.

On 02/09/1438H (corresponding to 11/09/2016G), the Ministry of Commerce also issued an agency registration certificate under No. 16774, registering the Höllinz' agency for the Company.

b) Agency Agreement with Rönzac

The Company entered into an agency agreement with Rönzac on 10/25/1436H (corresponding to 08/10/2015G), whereby the Company shall act as an agent for Rönzac, negotiate and conclude any agreements related to the Rönzac's products or services. The spatial scope of the agreement shall include the GCC countries, Algeria, Morocco, Libya, Tunisia, Egypt, Syria, Yemen, Lebanon, Jordan, European Union, Kenya, Nigeria, South Africa, USA, and Canada.

The term of the agreement shall commence on 11/17/1436H (corresponding to 09/01/2015G) and expire on 03/08/1447H (corresponding to 08/31/2025G), to be automatically renewed for an additional term unless either party notifies the other in writing of its intent to terminate the agreement three (3) months before its expiry date.

The agreement shall be governed by the applicable laws in the Kingdom. Any disputes arising from the agreement that cannot be resolved amicably shall be referred to the commercial courts in the Kingdom or a local tribunal in accordance with the Arbitration Law.

On 02/10/1438H (corresponding to 11/10/2016G), the Ministry of Commerce also issued an agency registration certificate under No. 16778, registering the Rönzac's agency for the Company.

c) Agency Agreement with CM International

The Company entered into a distribution/exclusive agency agreement with CM International on 01/21/1440H (corresponding to 10/01/2018G), whereby the Company shall act as an exclusive distributor of products manufactured by CM International in the Kingdom. The Company shall have the right to use the trademark of CM International in the performance of the agreement. The trademark subject of the agreement shall be the sole property of CM International and may not be used by the Company outside the scope of the agreement.

The agreement has a term of three (3) Gregorian years starting from the date thereof, to be renewed under a new agreement and terms to be agreed upon by both parties.

The prices of the CM International's products to be sold by CM International shall be in favor of the Company in accordance with Annex I of the agreement. The Company shall pay 50% of the value of the order to be submitted by the First Party under a documentary letter of credit, and the remaining 50% after the order is delivered within thirty (30) days from the date of delivery to the Company's warehouse.

The CM International shall not contract with any other party in relation to the CM International's products for the purpose of the distribution or direct sale of the same during the term of the agreement inside the Kingdom or any similar products. In the event of any dispute between the parties, CM International shall not sign a contract or register with a third party without the written consent of the Company or a final judgment.

The CM International shall not, during or after the termination of the agreement for the next three years, disclose or provide any information or data about the nature of any transactions between the parties in relation to products, business affairs, trademarks, or any other business directly or indirectly related to the agreement.

On 05/09/1438H (corresponding to 02/06/2017G), the Ministry of Commerce issued an agency registration certificate under No. 16984, registering CM International's agency for the Company.

The agreement is subject to the applicable laws in the Kingdom. Any dispute that arises between the two parties shall be settled by the competent courts in the Kingdom.

d) Agency Agreement with EMA

The Company entered into an agency agreement with EMA on 04/03/1438H (corresponding to 01/01/2017G), whereby the Company shall market and sell EMA's products and make all possible efforts to increase sales of these products in the Kingdom. With the help of EMA, EMA's products shall be registered with the Saudi Food and Drug Authority, which will allow the products to be imported into the Saudi market.

In accordance with the renewal entered into by the two parties on 05/20/1441H (corresponding to 01/15/2020G), the agreement shall be effective on 05/05/1441H (corresponding to 12/31/2019G), and shall remain valid until 12/02/1443H (corresponding to 06/31/2022G). The agreement shall be automatically renewed for subsequent periods of one year each, unless either party notifies the other party of its intent not to renew one month before the date of the expiry of the agreement.

EMA shall give the Company the exclusive representation right to sell the products manufactured by EMA in the Kingdom, and shall not authorize any other party to sell the EMA's products inside the Kingdom.

The Company shall not sell any LED lights manufactured by other companies.

Any disputes arising under the agreement shall be resolved by the District Court of Aschaffenburg, Germany. The parties shall use reasonable efforts to settle such disputes amicably out of court.

On 08/06/1435H (corresponding to 06/04/2014G), the Ministry of Commerce issued an agency registration certificate under No. 14709, registering EMA's agency for the Company.

e) Agency Agreement with Hansung

The Company entered into an exclusive distribution agreement with Hansung on 08/09/1439H (corresponding to 05/23/2018G), whereby the Company shall distribute Hansung products exclusively in the Kingdom. The Company thereby shall have the right to use Hansung's trademark to perform the agreement. The trademark subject of the agreement shall be the sole property of Hansung and may not be used by the Company outside the scope of the agreement.

The agreement has a term of three (3) Gregorian years, starting on 12/21/1439H (corresponding to 09/01/2018G), to be renewed under a new agreement and terms to be agreed upon by both parties.

The parties agree on the applicable price list of the products ordered by the Company.

The agreed minimum purchase under the agreement is twenty-five (25) units per quarter.

The Company shall pay 100% of the order value under a sight letter of credit.

The agreement shall give the Company the exclusive right to distribute Hansung's products in the Kingdom. Hansung may not contract with any third party with regard to the machinary subject to the agreement or any similar products while the agreement is effective. If a dispute arises between the parties, Hansung shall not sign a contract or enter into an agency with a third party without the written consent of the Company or a final judgment.

The agreement shall be governed by the applicable laws in the Kingdom. Any dispute that may arise between the parties shall be referred to the courts of the Kingdom.

On 08/25/1435H (corresponding to 06/23/2014G), the Ministry of Commerce issued an agency registration certificate under No. 14765, registering Hansung's agency for the Company.

f) Agency Agreement with Lojer

The Company entered into an agency agreement with Lojer, whereby Lojer shall grant the Company an exclusive right to sell and market the products of Lojer in the Kingdom, as agreed upon by the parties. The Company shall make its best efforts to market and promote the sale of Lojer's roducts throughout the Kingdom. The Company shall also attract potential customers and seek orders.

Pursuant to the renewal concluded between the two parties on 07/25/1440H (corresponding to 04/01/2019G), the agreement is valid from 11/15/1437H (corresponding to 08/18/2016G) until 05/27/1443H (corresponding to 12/31/2021G). The agreement shall be automatically renewed for a period of twelve (12) consecutive months, and may be terminated by either party upon written notice to the other party at least four (4) months prior to the expiry of its term.

The parties shall severally agree in writing that the Company shall purchase a minimum quantity for each subsequent calendar year at least two months before the end of the previous calendar year. If the Company fails to purchase the minimum quantity, Lojer shall have the right to terminate the agreement by two months' notice to be provided before the expiry date. The Company shall have the right to resell the Lojer's products to its customers according to the prices that it sets.

The prices of Lojer's products to be made available under the agreement shall be set in accordance with Lojer's price list from time to time. The Company's discount from the price list shall be made in accordance with the Lojer discount policy to be provided to the Company annually. The discount rates shall be associated with the annual purchase volume. Lojer may change prices upon written notice to the Company at least two months in advance.

Lojer may not appoint another person or Company to sell the Products within the Kingdom. Lojer shall reserve the right to enter into direct contracts within the Kingdom.

During the term of the agreement, the Company may not manufacture or distribute other products that compete with the products offered by Lojer.

The agreement may be terminated if there is any material change in the ownership, legal structure or financial position of either party.

The agreement shall be governed by the laws of Switzerland. Any disputes arising between the parties shall be settled by arbitration.

On 04/17/1435H (corresponding to 02/17/2014G), the Ministry of Commerce issued an agency registration certificate under No. 14402, registering Lojer's agency for the Company.

g) Agency Agreement with MEDISA

The Company entered into an exclusive distribution agreement with MEDISA on 10/12/1437H (corresponding to 07/17/2016G), whereby the Company registers and distributes the products manufactured by MEDISA in the Kingdom, as agreed upon by the two parties.

The agreement has a term of one (1) year, to be automatically renewable unless the renewal is expressly refused by either party and the other party is given at least three (3) months' notice prior to the expiry of each term. According to the renewal concluded by the two parties on 05/15/1441H (corresponding to 01/10/2020G), the agreement shall be valid until 05/27/1443H (corresponding to 12/31/2021G).

MEDISA may not sign a agreement with another agent to distribute the products during the term of the agreement in the Kingdom.

The parties shall submit to the jurisdiction of the courts of Madrid to resolve any disputes arising from the terms of the agreement.

On 02/06/1435H (corresponding to 12/09/2013G), the Ministry of Commerce issued an agency registration certificate under No. 14234, registering MEDISA's agency for the Company.

The parties also concluded an approved representative services agreement on 06/24/1440H (corresponding to 03/01/2019G), whereby the Company shall be the authorized representative of MEDISA in dealing with the Saudi Food and Drug Authority in order to comply with the the Saudi Food and Drug Authority's requirements including the registration of products supplied by MEDISA. This agreement shall remain in effect for a period of two (2) years.

h) Agency Contract with MEDIMA

The Company entered into an undated agency agreement with MEDIMA, whereby MEDIMA shall appoint the Company as the exclusive distributor of the products under the "MEDIMA" brand within the Kingdom, as agreed upon by the two parties. The Company shall market the MEDIMA's products and make an effective entrepreneurial effort in doing so. The Company shall promote the sale of the MEDIMA's products on an ongoing basis.

The term of the agreement starts on 09/16/1434H (corresponding to 07/24/2013G) and is renewed on 05/12/1437H (corresponding to 02/21/2016G). The agreement shall be valid until 05/27/1443H (corresponding to 12/31/2021G). The agreement may be extended by the agreement of the two parties.

The agreement shall give the Company the right to act as the exclusive distributor of MEDIMA's products in the Kingdom, as prescribed in the agreement.

Under no circumstances shall the Company accept any sales agencies or wholesale functions in relation to other products that compete with MEDIMA's products under the agreement.

The agreement shall be governed exclusively by Polish law. Any disputes arising between the parties which could not be resolved amicably shall be referred to the settlement procedure under the ICC Dispute Resolution Rules. If the dispute is not settled within (45) days, it will be finally settled through the ICC Arbitration Rules in London.

On 12/25/1434H (corresponding to 10/30/2013G), the Ministry of Commerce issued an agency registration certificate under No. 14142, registering MEDIMA's agency for the Company.

The agreement provides that it shall not be intended to create an agency relationship. Neither party may act in a way that expresses, either expressly or implicitly, a relationship other than an independent contractor.

i) Agency Agreement with Medisport

The Company entered into an undated agency agreement with Medisport, whereby the Company shall exclusively distribute and market Medisport's products in the Kingdom as agreed upon by the two parties.

The term of the agreement starts on 02/19/1437H (corresponding to 12/01/2015G). The term was renewed to be valid from 08/29/1440H (corresponding to 08/30/2019G) to 05/27/1443H (corresponding to 12/31/2021G).

The Company shall purchase the products supplied by Medisport under the agreement at the applicable prices upon the issuance of the order. Medisport shall have the right to change prices at any time during the term of the agreement based on thirty (30) days' prior written notice to the Company. The Company may set its own prices for the products.

The agreement shall give the Company the exclusive right to distribute Medisport's products in the Kingdom, as prescribed in the agreement.

Either party may fully terminate the agreement after notifying the other party in writing thirty (30) days prior to termination.

During the term of the agreement, the Company shall not attempt to register any trademarks, service marks, logos, trade names, domain names and/or logos similar to the trademarks subject to the agreement. In the event of the Company's breach of the foregoing, Medisport shall have the right to stop the supply, cancel the agreement and claim compensation for any damage incurred.

The agreement shall be governed exclusively by the UNIDROIT Principles (2010).

The Company is in the process of renewing the agency registration certificate issued by the Ministry of Commerce, which confirms the agency registration of Medisport for the Company.

j) Agency Agreement with Shenzen

The Company has entered into an undated agency agreement with Shenzen, whereby Shenzen shall grant the Company the right to exclusively distribute the products specified in the agreement exclusively in the Shenzen Territory. In order to purchase the Shenzen's products, the Company shall submit orders via a completed purchase order no later than sixty (60) days prior to the scheduled date of delivery. The Company shall also secure any necessary governmental or regulatory approvals for the import, sale and use of the Shenzen's products in the Shenzen Territory, and shall undertake safety tests when repair or service actions are undertaken by the Company.

The term of the agreement commences on 05/11/1440H (corresponding to 01/17/2019G). Shenzen shall provide the Company with the Shenzen's products in accordance with the terms of the agreement until 05/27/1443H (corresponding to 12/31/2021G). Subsequent renewal shall be subject to further negotiation and agreement in writing by the parties within two months prior to the expiry of the agreement.

The agreement shall give the Company the right to distribute the products specified in the agreement exclusively in the Kingdom, and non-exclusively in Oman and Kuwait, as prescribed in the agreement.

Either party may terminate the agreement at any time by a thirty (30) days' written notice provided that the other party has breached a material condition of the agreement.

Each party shall keep the information confidential throughout the term of the agreement. Neither party shall disclose to any third party the terms and conditions of the agreement and confidential information disclosed to such party.

The agreement shall be construed in accordance with the laws of the Kingdom. If a dispute arises between the parties, the parties shall submit to arbitration to settle such dispute within sixty (60) days from the date the dispute arises. If no resolution can be reached, the Saudi courts shall be resorted to resolve the dispute in accordance with Saudi law.

On 09/04/1435H (corresponding to 07/01/2014G), the Ministry of Commerce also issued an agency registration certificate under No. 14794, registering Shenzen's agency for the Company.

k) Agency Agreement with Banat

The Company entered into an exclusive distribution agreement with Banat on 10/16/1434H (corresponding to 08/23/2013G), whereby the Company shall be an exclusive distributor or agent in the Kingdom, Bahrain and Lebanon for oral care products, personal care products and home care products under the tradmark name of "Banat".

The initial term of the agreement is five (5) years starting from 10/25/1434H (corresponding to 09/01/2013G). The agreement was extended by virtue of a renewal concluded on 03/29/1438H (corresponding to 12/28/2016G) for an additional period starting on 04/03/1438H (corresponding to 01/01/2017G) and ending on 05/27/1443H (corresponding to 12/31/2021G).

The agreement shall be governed by the applicable laws in the Kingdom. Any dispute that arises between the parties due to the performance or non-performance of either party under the agreement shall be settled amicably. If the dispute cannot be resolved amicably, the matter shall be referred to the Board of Grievances in the Kingdom or a local tribunal in accordance with the arbitration laws.

On 02/17/1431H (corresponding to 02/01/2010G), the Ministry of Commerce issued an agency registration certificate under No. 11736, registering the Banat's agency for the Company.

l) Agency Agreement with Guido

The Company entered into an agency agreement with Guido on 03/02/1435H (corresponding to 01/03/2014G), whereby Guido shall grant the Company the right to distribute and sell the products under the "Beautytime" trademark in the Kingdom, as set out in the agreement. This agreement does not include any exclusive arrangements between the parties.

The initial term of the agreement commences on the date thereof and remains valid until 06/23/1440H (corresponding to 02/28/2019G). The agreement was extended by virtue of a renewal concluded on 04/07/1438H (corresponding to 01/05/2017G) for an additional period starting on 04/03/1438H (corresponding to 01/01/2017G) and ending on 05/27/1443H (corresponding to 12/31/2021G).

The Company shall purchase the products that are part of the agreement at the prices prescribed in the price list under the agreement.

The agreement shall be terminated if the Company carries out activities that compete with the activities of Guido.

On 05/29/1438H (corresponding to 02/26/2017G), the Ministry of Commerce issued an agency registration certificate under No. 17046, registering Guido's agency for the Company.

m) Agency Agreement with JOSWE

The Company entered into a cosmetics distribution agency agreement on 04/03/1438H (corresponding to 01/01/2017G), whereby the Jordan Sweden Medical and Sterilization Company ("**JOSWE**") shall provide the Company with the products in accordance with the purchase orders that are concluded pursuant to the annual marketing plan as agreed upon by both parties. This agreement does not contain any exclusive arrangements between the parties.

The term of the agreement is five (5) years starting on the date thereof. The agreement may be extended for a subsequent period(s) by the agreement of the two parties.

Prices shall be determined by JOSWE taking into account the manufacturing costs and competitors' prices or according to the the Saudi Food and Drug Authority's decision, which shall be approved by JOSWE.

If a dispute arises out of or in relation to the agreement, the parties shall settle such dispute amicably within forty-five (45) days. If the dispute cannot be settled amicably, it shall be resolved in accordance with the Jordanian Arbitration Law. If the dispute cannot be settled through arbitration within thirty (30) days, it shall be resolved before the Jordanian courts in Amman.

On 12/21/1431H (corresponding to 11/27/2010G), the Ministry of Commerce issued an agency registration certificate under No. 12215, registering JOSWE's agency for the Company.

n) Agency Agreement with BioFilm

The Company entered into an agency agreement with BioFilm on 11/09/1435H (corresponding to 09/04/2014G), whereby BioFilm shall grant the Company the right to act as an independent and exclusive distributor of the products in the Kingdom, Egypt, Kuwait, Iraq, Cyprus and Turkey, Tunisia, Algeria, Morocco, Yemen, Oman, UAE, Qatar, Jordan, Lebanon, Bahrain, Iran, and Syria.

The agreement has an initial term of three (3) years commencing on the date thereof, to be renewable only by a written agreement of the two parties. Under the renewal concluded between the two parties on 05/10/1438H (corresponding to 02/08/2017G), the agreement was extended for an additional period commencing on 04/03/1438H (corresponding to 01/01/2017G) and ending on 05/27/1443H (corresponding to 12/31/2021G).

Unless BioFilm expressly authorizes the Company, the Company shall not sell or act as a sales agent to solicit orders for any products that compete with BioFilm's products under the agreement.

This agreement shall be governed by and construed in accordance with the laws of the State of California, United States of America. For purposes of the venue and jurisdiction, this agreement shall be deemed to have been made and executed in San Diego, California, United States of America.

On 11/11/1439H (corresponding to 07/24/2018G), the Ministry of Commerce issued an agency registration certificate under No. 18124, registering BioFilm's agency for the Company.

o) Agency Agreement with the Health Drug Agency

The Company entered into an agency agreement with the Health Drug Agency on 11/22/1438H (corresponding to 08/14/2017G), whereby the Health Drug Agency shall appoint the Company as an exclusive distribution agent in the Kingdom for the products set out in Appendix A to the agreement, which may be amended from time to time in accordance with another written agreement.

The agreement has a term of four (4) years commencing on 07/29/1438H (corresponding to 04/26/2017G), to be renewed for successive periods of two years each, unless otherwise is agreed in writing by the parties.

The prices that the Health Drug Agency shall charge for all the Health Drug Agency's products shall be determined under the agreement.

Either party may terminate the agreement by giving six (6) months' notice to the other party via a registered letter informing the other party of its intent to terminate the agreement.

Disputes arising out of or in relation to the agreement shall be settled by good faith consultation and amicable negotiation. If the arbitration is required, it shall be conducted in accordance with the applicable laws in the Kingdom, and the losing party shall bear the costs arising therefrom.

On 06/09/1439H (corresponding to 02/25/2018G), the Ministry of Commerce issued an agency registration certificate under No. 17833, registering the Health Drug Agency's agency for the Company.

p) Agency Agreement with Paradox

The Company entered into an agency agreement with Paradox on 05/12/1435H (corresponding to 03/13/2014G), whereby Paradox shall appoint the Company as an exclusive licensee throughout the term of the agreement in relation to the products of Paradox for the purpose of marketing, selling and distributing the Paradox's products in the Kingdom and the use of trademarks and technology in the Kingdom only with respect to the marketing, sale and distribution of Paradox's products.

The agreement has an initial term of five (5) years starting on the date thereof. Pursuant to the renewal concluded by the two parties on 05/19/1441H (corresponding to 01/14/2020G), the agreement was extended for an additional period to 07/11/1447H (corresponding to 12/31/2025G), to be renewable by a written agreement of the two parties. Either party may refuse to renew the agreement by giving the other party ninety (90) days' notice prior to the end of the applicable term.

Under the agreement, neither party may assign any of its rights or obligations under this agreement without the written consent of the other party, except that Paradox may assign all of its rights and obligations under this Agreement to an affiliate or any entity to which Paradox assigns and/or sells technology, products, patents, and trademarks.

Neither party may issue any press release, make any other public procedures or make an offer in relation to the agreement or its terms and conditions without the prior consent of the other party, provided that neither party may unreasonably refuse to give such consent. This limitation shall not apply to disclosure procedures required by laws or regulations, including as required with respect to any filings to the Securities Commission or under the disclosure policies of a major stock exchange. On 10/22/1442H (corresponding to 06/03/2021G), the Company submitted a letter, whereby it notified Paradox of the Initial Public Offering, and Paradox provided its written approval thereon on 10/22/1442H (corresponding to 06/03/2021G).

The agreement shall be governed by the laws of Northern Ireland and the United Kingdom.

On 04/23/1442H (corresponding to 12/08/2020G), the Ministry of Commerce issued an agency registration certificate under No. CA-23044200007, registering Paradox's agency for the Company.

q) Agency Agreement with Treda

The Company entered into a distribution agreement with Treda on 11/29/1440H (corresponding to 08/01/2019G), whereby Treda shall appoint the Company as the exclusive distributor of the products manufactured or imported by Treda, as set out in agreement, in the Kingdom during the term of the Agreement.

The agreement has a term of five (5) years starting on the date thereof. The agreement shall be automatically renewed for a period of five (5) years, provided that the conditions of the agreement shall be fulfilled, unless either party notifies the other in writing of its intent not to renew it three (3) months before the date of its expiry.

Treda shall issue invoices to the Company according to the ex-works prices. Treda may not change prices unilaterally without prior notice. Prices are set for the first two years of the term of the agreement. After two years from the effective date of the agreement, Treda may change the prices set out in Appendix B by sixty (60) days' notice before any price adjustments once a year.

The agreement and any dispute, disagreement or claim arising out of or under the agreement shall be governed by and construed in accordance with the laws of the Kingdom. Such dispute shall be settled through mandatory and binding arbitration by the courts of the Kingdom.

On 03/25/1442H (corresponding to 11/11/2020G), the Ministry of Commerce issued an agency registration certificate under No. 19636, registering Treda's agency for the Company.

r) Agency Agreement with Volpe

The Company entered into an agency agreement with Volpe on 10/30/1440H (corresponding to 07/03/2019G), whereby Volpe shall sell products to the Company and grant the Company an exclusive right to sell the products in the Kingdom, Egypt, Kuwait, Qatar, Bahrain, UAE, Lebanon and Oman, Jordan, and Nigeria in accordance with the terms and conditions of the agreement. Volpe may, by mutual consent, add new products to the agreed-upon products under the agreement.

The term of the agreement is five (5) years, commnceing from the date of 11/29/1440H (corresponding to 08/01/2019G), to be renewable upon a written agreement by the two parties.

The prices of the products set out in the agreement shall be fixed for one year and may be changed only in the event of force majeure.

Under the agreement, the parties agree that the contents of the agreement shall be confidential and may not be disclosed to third parties without the express written consent of the other party. This obligation shall survive the termination or expiration of the agreement. On 10/22/1442H (corresponding to 06/03/2021G), the Company submitted a letter, whereby it notified Volpe of the Initial Public Offering, and Volpe provided its written approval thereon on 10/23/1442H (corresponding to 06/04/2021G).

The agreement shall be governed by the laws of Northern Ireland and the United Kingdom.

Any and all disputes relating to the effect and validity, breach, interpretation, termination, enforcement or non-performance of the agreement shall be settled in accordance with the civil and commercial laws of Quebec and the civil and commercial laws of the Kingdom. Either party may lodge a lawsuit against the other party for any dispute in a national court.

On 04/23/1442H (corresponding to 12/08/2020G), the Ministry of Commerce issued an agency registration certificate under No. CA-23044200003, registering Volpe's agency for the Company.

s) Agency Agreement with Alpaya

The Company entered into an exclusive distribution agreement with Alpaya Dogal Ve Kozmetik Urunleri San VE Tic A.S ("Alpaya") on 10/17/1439H (corresponding to 07/01/2018G), whereby the Company shall be the exclusive distributor of Alpaya's products in the Kingdom. The scope of the agreement includes Nutrigrow hair care products, Soph hand lotion, Soph shower gel, Soph body splash and Biobalance hair and skincare products owned and produced by Alpaya, which must be approved by and registered with the Saudi Food and Drug Authority.

The agreement has a term of five (5) years commencing from 11/19/1439H (corresponding to 08/01/2018G) until 01/13/1445H (corresponding to 07/31/2023G). The two parties shall start negotiations to execute a new agreement sixty (60) days before the end of the agreement subject to written confirmation by both parties.

The price of the products shall be determined by the agreement, and the price charged by the Company for the products purchased under the agreement shall be determined by Alpaya from time to time. A change shall become effective sixty (60) days after the date of written notice to the Company, provided that the Company accepts such change.

The agreement shall by governed by the provisions of the applicable laws in the Kingdom. Disputes between the parties arising out of performance or non-performance under this agreement shall be settled amicably. If the dispute cannot be resolved amicably, the matter shall be referred to the Board of Grievances in the Kingdom or a local tribunal in accordance with the arbitration laws.

On 04/23/1442H (corresponding to 12/08/2020G), the Ministry of Commerce issued an agency registration certificate under No. CA-23044200030, registering Alpaya's agency for the Company.

t) Agency Agreement with Wesley

The Company entered into a distribution agreement with Wesley International Limited ("Wesley") on 01/26/1441H (corresponding to 09/25/2019G), whereby Wesley shall appoint the Company as a non-exclusive distributor of the sale, promotion, and distribution of the products in the Kingdom.

The agreement has a term of two (2) years starting on 11/29/1440H (corresponding to 08/01/2019G).

The Company shall make payments to Wesley in US Dollars under an irrevocable letter of credit. The prices of the Wesley's products that are part of the agreement shall be determined in the agreement. In addition, Wesley may increase the prices of the products at any time during the term of the agreement by thirty (30) days' notice.

The agreement and any dispute or claim arising out of or in relation to the agreement (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the laws of the Dubai International Financial Center, UAE. The parties irrevocably agree that the DIFC courts shall have jurisdiction to settle any dispute arising out of or in relation to the agreement.

On 04/23/1442H (corresponding to 12/08/2020G), the Ministry of Commerce issued an agency registration certificate under No. CA-23044200025, registering Wesley's agency for the Company.

u) Agency Agreement with Han Sung

The Company entered into an agency agreement with Han Sung Medical Co. Ltd. on 01/24/1435H (corresponding to 11/27/2013G), whereby the Company shall act as an agent of Han Sung Medical Co. Ltd. in the Kingdom to import, distribute and maintain Han Sung's product line, which includes pressure steam sterilizers and suction cups for medical use.

The agreement has a term of three (3) years commencing on 02/29/1435H (corresponding to 01/01/2014G), to be automatically renewable for a similar period unless it is terminated earlier.

A dispute that may arise between the parties shall be resolved in accordance with the laws of the Kingdom.

On 08/25/1435H (corresponding to 06/23/2014G), the Ministry of Commerce issued an agency registration certificate under No. 14765, registering Han Sung's agency Ltd. for the Company.

v) Agency Agreement with Osatu

The Company entered into an exclusive distribution agreement with Osatu on 08/05/1438H (corresponding to 05/01/2017G), whereby the Company shall register and distribute products manufactured by Osatu exclusively in the Kingdom, as agreed upon by the two parties.

The agreement has a term of two (2) years starting on 08/05/1438H (corresponding to 05/01/2017G), to be renewed according to discussions between the two parties six (6) months prior to the expiry date.

The agreement was renewed for a period of two years by a letter dated 09/11/1440H (corresponding to 05/16/2019G).

The Company shall provide product purchase orders to Osatu at least three (3) months prior to the date of shipping. The prices of the products shall be determined according to the price list provided by Osatu to the Company. These prices may be changed by Osatu from time to time.

All other information, documents or materials provided or delivered to the Company by Osatu shall be confidential.

The agreement shall be governed by the principles of international law. All disputes that may arise between the parties shall be settled by arbitration at the International Court of Justice in The Hague, Netherlands.

On 04/18/1441H (corresponding to 12/15/2019G), the Ministry of Commerce issued an agency registration certificate under No. 19097, registering Osatu's agency for the Company.

12-5-4 Manufacturing Agreements

a) Höllinz Manufacturing Agreements

The Company entered into eighteen (18) agreements with several manufacturers. Under these agreements, the manufacturer shall manufacture products for the Company under Höllinz' brand which the Company has the right to use inside and outside the Kingdom, as set out in each agreement.

The manufacturing agreements have similar terms and conditions except as described in the table below. In general, the manufacturing agreements shall be governed by the applicable laws in the Kingdom. Any dispute arising out of such agreements that cannot be resolved amicably shall be resolved by the competent courts of the Kingdom. A summary of the key terms of the manufacturing agreements is stated below:

Table (12-9): Summary of the Main Terms of Höllinz Manufacturing Agreements

#	Parties	Effective Date	Agreement Term and Termination	Exclusivity	Other Key Provisions and Material Differences
1.	The Company and the Beauty and Perfume International Factory	06/05/1441H (corresponding to 01/01/2020G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
2.	The Company and Brazil 2 Export Ltd.	07/15/1439H (corresponding to 04/01/2018G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
3.	The Company and CIGA Healthcare Ltd.	07/15/1439H (corresponding to 04/01/2018G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
4.	The Company and Depend Cosmetic AB Company	07/15/1439H (corresponding to 04/01/2018G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	-	-
5.	The Company and Marshal Intergroup	07/15/1439H (corresponding to 04/01/2018G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
6.	The Company and OTB-GmbH	08/12/1441H (corresponding to 04/05/2020G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement. Either party shall have the right at any time to terminate the agreement while retaining the full right to claim compensation for any damages that may arise due to the Manufacturer's failure to perform its obligations under the agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	In the event of any dispute regarding the agreement which cannot be resolved amicably, it shall be referred to the court. The applicable law shall be German law, and the courts of Hanover, Germany, shall have jurisdiction.

#	Parties	Effective Date	Agreement Term and Termination	Exclusivity	Other Key Provisions and Material Differences
7.	The Company and Vero Food	01/21/1440H (corresponding to 10/01/2018G).	The agreement has a term of five (5) Gregorian years. Either party shall have the right at any time to terminate the agreement by written notice to the other party of its intent not to renew the agreement twelve (12) months prior to the expiry date.	-	In the event of any dispute regarding the agreement which cannot be resolved amicably, it shall be referred to the court. The applicable law shall be Turkish law, and the Turkish courts shall have jurisdiction.
8.	The Company and Miracle Medical	05/15/1439H (corresponding to 02/01/2018G)	The agreement has a term of five (5) Gregorian years, subject to renewal unless either party gives the other party a notice of its intent not to renew the agreement four (4) months prior to the expiry date.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
9.	The Company and IAW Australia Pty Ltd.	09/17/1439H (corresponding to 06/01/2018G)	The agreement is valid for an initial term of two (2) years, followed by a term of three years starting on of 10/09/1441H (corresponding to 01/06/2020G). Either party shall have the right at any time to terminate the agreement by written notice to the other party of its intent not to renew the agreement twelve (12) months prior to the expiry date.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of three (3) years thereafter.	The two parties shall not disclose or provide any information or data about any of the commercial transactions between them to any other party unless it is required by law. This obligation shall remain valid for the term of the agreement and for a period of three (3) years thereafter.
10.	The Company and Gan Tekstil San. Ve Dis Tic	04/04/1441H (corresponding to 12/01/2019G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
11..	The Company and Yangzhou Leopard International Trading Co., Ltd.	12/11/1441H (corresponding to 08/01/2020G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
12.	The Company and Groupo Boniquet Sparchim	09/27/1441H (corresponding to 05/20/2020G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-

#	Parties	Effective Date	Agreement Term and Termination	Exclusivity	Other Key Provisions and Material Differences
13.	The Company and Estetica Group	07/09/1441H (corresponding to 03/04/2020G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	In the event of any dispute regarding the agreement which cannot be resolved amicably, it shall be referred to German arbitration. The applicable law shall be German law, and the judicial authorities in Germany shall have jurisdiction.
14.	The Company, Höllinz and Dr. Organic Ltd.	05/15/1439H (corresponding to 02/01/2018G)	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
15.	The Company and Egyptian Projects	05/15/1439H (corresponding to 02/01/2018G)	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
16.	The Company and New Zealand Manuka Limited	11/24/1441H (corresponding to 07/15/2020G).	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
17.	The Company, Höllinz and Future Nutrition Ltd.	05/15/1439H (corresponding to 02/01/2018G)	The agreement has a term of five (5) Gregorian years, subject to renewal unless either party gives the other party a notice of its intent not to renew the agreement four (4) months prior to the expiry date or at any time after the expiry of its term upon the agreement of the parties.	The products may not be manufactured by the manufacturer for a third party. This obligation shall remain valid during the term of the agreement and for a period of three (3) years thereafter.	The two parties shall not disclose or provide any information or data about any of the commercial transactions between them to any other party unless it is required by law. This obligation shall remain valid for the term of the agreement and for a period of three (3) years thereafter.
18.	The Company and Habanjar Establishment for General Trading	04/14/1439H (corresponding to 01/01/2018G), which was renewed on 06/15/1442H (corresponding to 01/28/2021G).	The agreement has a term of one (1) Gregorian year, subject to renewal unless either party gives the other party a notice of its intent not to renew the agreement ninety (90) days prior to the expiry date.	-	-

Source: The Company

The Contr agreement act concluded by the Company and IAW Australia Pty Ltd. on 09/17/1439H (corresponding to 06/01/2018G) and the agreement concluded by Höllinz, the Company and Future Nutrition on 05/15/1439H (corresponding to 02/01/2018G) include provisions of confidentiality and privacy whereby the parties shall maintain the confidentiality of the respective agreement.

The Company submitted a letter dated 10/22/1442H (corresponding to 06/03/2021G), in which it notified IAW Australia Pty Ltd. and Future Nutrition of the Initial Public Offering, and IAW Australia Pty Ltd. and Future Nutrition gave their written approval on 10/25/1442H (corresponding to 06/07/2021G) and 10/23/1442H (corresponding to 06/04/2021G), respectively.

b) Rönzac Manufacturing Agreements

The Company entered into ten (10) manufacturing agreements with several manufacturers. Under these agreements, the manufacturer shall manufacture products for the Company under Rönzac's trademark which the Company has the right to use inside and outside the Kingdom, as set out in each agreement.

The manufacturing agreements have similar terms and conditions except as described in the table below. In general, the manufacturing agreements shall be governed by the applicable laws in the Kingdom. Any dispute arising out of such agreements that cannot be resolved amicably shall be resolved by the competent courts of the Kingdom. A summary of the key terms of the manufacturing agreements is stated below:

Table (12-10): Summary of the Main Terms of Rönzac Manufacturing Agreements

#	Parties	Effective Date	Agreement Term and Termination	Exclusivity	Other Key Provisions and Material Differences
1	The Company and Bavarian Naturweg GmbH	05/15/1439H (corresponding to 02/01/2018G)	The agreement has a term of five (5) Gregorian years, to be renewed only by a prior agreement between the two parties and a new agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	-
2	The Company and Dr. Standl Natura GmbH	02/02/1441H (corresponding to 10/01/2019G).	The agreement has a term of five (5) Gregorian years, to be automatically renewed unless either party notifies the other in writing of its intent to terminate the agreement on the next anniversary date or by mutual written agreement of the parties at any time. The Company shall order each product once per calendar year, and the manufacturing agreement shall be automatically terminated if the Company breaches this obligation.	The manufacturer may not manufacture the products stipulated in the manufacturing agreement for any other customer in the Kingdom during the term of the Agreement.	The manufacturing agreement shall be governed by the laws of Germany. A dispute that may arise between the parties shall be resolved by binding mediation under the International Court of Arbitration.

#	Parties	Effective Date	Agreement Term and Termination	Exclusivity	Other Key Provisions and Material Differences
3	The Company and Eckhart	07/25/1437H (corresponding to 05/02/2016G).	The term of the agreement has a term of two years, to be automatically renewable unless either party notifies the other in writing that it will be terminated on the next anniversary date or by mutual written agreement of the parties at any time. The Company shall order each product once per calendar year, and the manufacturing agreement shall be automatically terminated if the Company breaches this obligation.	-	The manufacturing agreement shall be governed by the laws of the United States. A dispute that may arise between the parties shall be resolved by binding mediation under the International Court of Arbitration.
4	Company, Rönzac Martinez Nieto	05/15/1439H (corresponding to 02/01/2018G)	The manufacturing agreement has a term of five (5) calendar years, to be renewable unless either party informs the other in writing of its intent not to renew the agreement four (4) months prior to the termination of the agreement.	-	The Company undertakes not to disclose to third parties any information provided by the manufacturer regarding the products and maintain the strictest confidentiality of its business relationship. A party who receives confidential information from the other party under the manufacturing agreement shall keep such information confidential and shall not disclose it except for the purposes of the manufacturing agreement. All price lists and terms shall be confidential information.
5	Company and Pharmalink SL	09/20/1439H (corresponding to 06/04/2018G).	The manufacturing agreement has a term of five (5) calendar years, to be renewable unless either party informs the other in writing of its intent not to renew the agreement four (4) months prior to the termination of the agreement.	-	A dispute between the parties that cannot be resolved amicably shall be referred to the court and the applicable law shall be the law of Switzerland.
6	The Company, Rönzac, and Wolting Naturprodukte Vertriebs GmbH	04/14/1439H (corresponding to 01/01/2018G).	The manufacturing agreement has a term of five (5) calendar years, to be renewable unless either party informs the other in writing of its intent not to renew the agreement four (4) months prior to the termination of the agreement.	The products may not be manufactured by the manufacturer for a third party within the Kingdom, GCC and other countries as may be agreed upon. This obligation shall remain valid during the term of the agreement and for a period of five (5) years thereafter.	A dispute that may arise under the agreement, which cannot be resolved amicably, shall be referred to the court and the applicable law under the agreement shall be German law, and the courts of Germany shall have jurisdiction.

#	Parties	Effective Date	Agreement Term and Termination	Exclusivity	Other Key Provisions and Material Differences
7	The Company, Solanova-Tishcon and Rönzac	05/15/1439H (corresponding to 02/01/2018G), which was renewed on 08/05/1442H (corresponding to 03/18/2021G).	The agreement has an initial term of three (3) years, to be renewable for an additional period of five (5) years.	-	A dispute that may arise under the agreement that cannot be resolved amicably within sixty (60) days shall be settled under the Arbitration Rules of the International Chamber of Commerce, Switzerland.
8	The Company and Wagener and Co. GmbH	03/01/1440H (corresponding to 11/09/2018G).	The agreement has a term of five (5) years or remains valid until the completion of all obligations thereunder unless terminated by either party under thirty (30) days' written notice or upon the fulfilment of all obligations of the parties. Either party may terminate the agreement by written notice of thirty (30) days or upon the fulfilment of all obligations of the parties.	-	-
9	The Company and Fleming Medical Ltd.	05/15/1439H (corresponding to 02/01/2018G)	The agreement has a term of five (5) years or remains valid until the completion of all obligations thereunder, unless terminated by either party under twelve (12) days' written notice or by fulfilment of all the parties' obligations. Either party may terminate the agreement by twelve (12) months' notice.	The products may not be manufactured by the manufacturer for a third party within any other country. This obligation shall remain valid during the term of the agreement and for a period of three (3) years thereafter.	-
10	The Company and Arnet Pharmaceutical Corp.	08/12/1442H (corresponding to 03/25/2021G).	The agreement has a non-renewable term of five (5) years starting on 08/18/1442H (corresponding to 04/01/2021G). Either party shall have the right to terminate the agreement.	-	-

Source: The Company

The agreement concluded by the Company, Rönzac and Martinez Nieto on 05/15/1439H (corresponding to 02/01/2018G) includes a provision of confidentiality and privacy, whereby the parties shall maintain the confidentiality of the agreement.

On 10/22/1442H (corresponding to 06/03/2021G), the Company submitted a letter, whereby it notified Martinez Nieto of the Initial Public Offering, and Martinez Nieto provided its written approval thereon on 10/23/1442H (corresponding to 06/04/2021G).

12-5-5 Insurance Agreements

Twelve (12) agreements were concluded by the Company and several insurance companies and brokers, whereby the Company provides the required medicines to the insured customers of each insurance company in accordance with the insurance policies concluded between the two companies. A summary of the key terms of these agreements is stated below:

a) Insurance Agreement with Bupa

The Company entered into an insurance agreement with Bupa on 10/28/1438H (corresponding to 06/22/2017G), whereby the Company shall provide the required medicines to Bupa's insured customers upon a valid prescription from a licensed physician in accordance with the insurance policies concluded between Bupa and its customers. This agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of three (3) years starting on the date thereof. The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it sixty (60) days before the expiry date.

The prices of medicines shall be according to the prices approved by the Ministry of Health. The Company shall provide Bupa with monthly invoices for each medical insurance policy, by providing Bupa with documentation including the relevant bills, prescriptions and any required valid approvals.

The Insurance Agreement with contains a provision of confidentiality which states that the Company shall keep confidential all information it encounters due to the implementation of the agreement.

The Insurance Agreement with Bupa shall be governed by the rules of the Kingdom. A dispute arising out of or in relation to the agreement that cannot be resolved amicably shall be referred to arbitration in the Kingdom.

b) Insurance Agreement with Al Rajhi Takaful

The Company entered into an insurance agreement with Al Rajhi Company for Cooperative Insurance ("Al-Rajhi Takaful") on 08/05/1438H (corresponding to 05/01/2017G), whereby the Company shall provide the required medicines for the insured customers of Al-Rajhi Takaful upon a valid prescription issued by a licensed physician in accordance with the insurance policies concluded between Al Rajhi Takaful and its customers. The agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of three (3) years commencing on 10/28/1438H (corresponding to 06/22/2017G). The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it sixty (60) days before the expiry date.

The Company shall notify Al Rajhi Takaful as soon as possible to settle the amounts due for the services provided under the agreement.

Either party shall have the right to terminate the agreement for any reason by a written notice of ninety (90) days prior to the expiry date.

The parties to the agreement shall resolve disputes amicably or through mediation within the jurisdiction of the courts and specialized committees in the Kingdom through the Council of Cooperative Health Insurance.

c) Gulf Union Insurance Agreement

The Company entered into an insurance agreement with the Gulf Union Cooperative Insurance Company (the "Gulf Union") on 02/11/1439H (corresponding to 10/31/2017G), whereby the Company shall provide the required treatment for the insured customers of the Gulf Union. In consideration, the Gulf Union shall compensate the Company for the expenses arising therefrom. The provided treatments shall be approved by the Gulf Union either before or after the insured person is admitted to a hospital. This agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of three (3) years starting on 02/12/1439H (corresponding to 11/01/2017G). The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it sixty (60) days before the expiry date.

The Company shall submit claims within thirty (30) days from the completion date of treatment.

The Agreement includes a provision of confidentiality, which states that the confidential information shall include information about either party that becomes known to the other party, including the agreement. Such information shall be kept confidential and may not be disclosed unless the consent of the other party is obtained.

The agreement shall be governed by the laws of the state in which the hospital is located and the parties shall submit claims to the non-exclusive jurisdiction of the courts.

d) Total Care Saudi Insurance Agreement

The Company entered into an insurance agreement with the Total Care Saudi on 07/02/1431H (corresponding to 06/14/2010G), whereby the Total Care Saudi shall be considered an independent company that manages the settlement of insurance claims between health care providers and customers insured by various insurers. The Company shall provide the required medicines and services to the insured customers of insurers registered with Total Care Saudi. The agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of one year starting on 09/04/1435H (corresponding to 07/01/2014G), to be automatically renewable.

The Company shall submit claims within forty-five (45) days from the end of each calendar month. No claims shall be accepted after the lapse of ninety (90) days for any reason. In this case, the Company shall be deemed to have waived such claims. Total Care Saudi shall review, audit, approve and file claims with the relevant insurer within sixty (60) days of their receipt.

The agreement includes a provision of confidentiality, which states that the confidential information shall include information about either party that becomes known to the other party, including the agreement. Such information shall be kept confidential and may not be disclosed unless the consent of the other party is obtained.

A dispute arising out of or in relation to the agreement shall be referred to the Council of Cooperative Health Insurance.

e) GlobeMed Insurance Agreement

The Company entered into an insurance agreement with GlobeMed on 01/28/1437H (corresponding to 11/11/2015G), whereby the Company shall provide the required medical treatment to GlobeMed's insured customers, upon a valid prescription issued by a licensed physician, in accordance with the insurance policies concluded between GlobeMed and its customers. This agreement does not contain any exclusive arrangements between the parties.

The Agreement has a term of one year starting on the date thereof. The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it sixty (60) days before the expiry date.

GlobeMed shall pay the Company all amounts due within thirty (30) days of the receipt of invoices.

The agreement includes a provision of confidentiality, which states that the confidential information shall include information about either party that becomes known to the other party, including the agreement. Such information shall be kept confidential and may not be disclosed unless the consent of the other party is obtained.

The GlobeMed Insurance Agreement shall be governed by the laws of the Kingdom. A dispute arising out of or in relation to the agreement shall be resolved amicably or referred to arbitration in the Kingdom.

f) Nextcare Insurance Agreement

The Company entered into an insurance agreement with Nextcare on 01/19/1437H (corresponding to 11/01/2015G), whereby Nextcare shall be an independent health claim management company that manages health insurances between health care providers and the insured customers of different insurers. The Company shall provide the required medicines and services to the insured customers of insurers registered with Nextcare. The agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of one year starting on the date thereof. The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it sixty (60) days before the expiry date.

The Company shall submit monthly invoices, statements of accounts and all supporting documents within thirty (30) days from the end of the relevant month. The payment may be delayed for one month if the Company delays in submitting the monthly invoices.

The agreement includes a provision of confidentiality, which states that the confidential information shall include information about either party that becomes known to the other party, including the agreement. Such information shall be kept confidential and may not be disclosed unless the consent of the other party is obtained.

The Agreement shall be governed by the laws of the Kingdom. A dispute arising out of or in relation to the agreement shall be referred to the competent courts of the Kingdom.

g) MedGulf Insurance Agreement

The Company entered into an insurance agreement with MedGulf on 10/11/1436H (corresponding to 07/27/2015G), whereby the Company shall provide the required medicines and services to MedGulf's insured customers with chronic diseases. This agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of three (5) years commencing on 04/22/1437H (corresponding to 02/01/2016G). The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it sixty (60) days before the expiry date.

The Company shall submit monthly invoices to MedGulf or Med Visa (the third party authorized to medically supervise insurance claims on behalf of MedGulf) within forty-five (45) days from the end of the relevant month.

The agreement includes a provision of confidentiality, which states that the confidential information shall include information about either party that becomes known to the other party, including the agreement. Such information shall be kept confidential and may not be disclosed unless the consent of the other party is obtained.

The agreement shall be governed by the laws of the Kingdom. A dispute arising out of or in relation to the agreement shall be resolved amicably or referred to the competent authorities of the Kingdom.

h) SAICO Insurance Contract

The Company entered into a contract for the provision of health care services with SAICO on 01/19/1437H (corresponding to 11/01/2015G), whereby the Company shall provide the required treatment to the SAICO's insured customers under the insurance policies concluded between insured and its customers. The agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of five (5) years starting on 05/21/1437H (corresponding to 03/01/2016G). The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it ninety (90) days before the expiry date.

The Company shall submit monthly invoices within thirty (30) days from the end of the relevant month.

A dispute arising out of or in relation to the Agreement shall be resolved amicably or thereafter referred to the Council of Cooperative Health Insurance.

i) AXA Insurance Agreement

The Company entered into an insurance agreement with AXA on 06/05/1437H (corresponding to 03/15/2015G), whereby the Company shall provide the required medicines to AXA's insured customers in accordance with the insurance policies concluded between AXA and its customers. This agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of three (3) years starting on 06/23/1437H (corresponding to 04/01/2016G). The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it ninety (90) days before the expiry date.

The Company shall submit monthly invoices within sixty (60) days from the date of payment by AXA.

The agreement includes a provision of confidentiality, which states that the confidential information shall include information about either party that becomes known to the other party, including the agreement. Such information shall be kept confidential and may not be disclosed unless the written consent of the other party is obtained.

If a dispute arising out of or in relation to the agreement is not resolved amicably within ninety (90) days, the dispute shall be referred to the Council of Cooperative Health Insurance.

j) Malath Insurance Agreement

The Company entered into an insurance agreement with Malath on 10/19/1437H (corresponding to 07/24/2016G), whereby the Company shall provide the required medicines to Malath's insured customers in accordance with the insurance policies concluded between Malath and its customers. The agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of one (1) year commencing on 10/22/1437H (corresponding to 07/27/2016G). The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it ninety (90) days before the expiry date.

The Company shall submit monthly invoices within thirty (30) days from the date of payment by Malath.

The agreement includes a provision of confidentiality, which states that the confidential information shall include information about either party that becomes known to the other party, including the agreement. Such information shall be kept confidential and may not be disclosed unless the written consent of the other party is obtained.

If a dispute arising out of or in relation to the agreement is not resolved amicably within ninety (90) days, the dispute shall be referred to the Council of Cooperative Health Insurance.

k) Tawuniya Agreement

The Company entered into an insurance agreement with Tawuniya on 11/26/1437H (corresponding to 08/29/2016G), whereby the Company shall provide the required medicines and services to Tawuniya's insured customers with chronic diseases in accordance with the insurance policies concluded between Tawuniya and its customers. The agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of four (4) years commencing on 12/27/1437H (corresponding to 09/28/2016G). The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it ninety (90) days before the expiry date.

The Company shall submit monthly invoices within thirty (30) days from the date of payment by Tawuniya.

Either party may terminate the agreement, without any reason, upon written notice of thirty (30) days prior to the date of termination.

The agreement includes a provision of confidentiality, which states that the confidential information shall include information about either party that becomes known to the other party, including the agreement. Such information shall be kept confidential and may not be disclosed unless the written consent of the other party is obtained.

The agreement shall be governed by the laws of the Kingdom. A dispute arising therefrom that cannot be resolved amicably shall be referred to arbitration in the Kingdom.

l) Participation Agreement with a Semi-Governmental Customer

The Company entered into an agreement for participation in pharmaceutical facilities with a semi-governmental customer, whereby Wasfaty shall be owned the Company's semi-governmental customer and operated by the Company. Wasfaty is an electronic platform for dispensing medicines to all beneficiaries of the governmental health sectors, represented by the Company's semi-governmental customer. Prescriptions are submitted electronically by public sector physicians and then processed and stored in the system of the Company's semi-government customer. The Company's pharmacies shall have the right to access Wasfaty, review the prescriptions provided by physicians, and dispense medicines accordingly. This agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of one (1) year starting on 07/25/1440H (corresponding to 04/04/2019G). The agreement shall be automatically renewed unless either party notifies the other of its intent not to renew it sixty (60) days before the expiry date.

The Company shall submit monthly invoices to the Company's semi-governmental customer.

A dispute arising out of or in relation to the Agreement shall be referred to the competent courts in Riyadh.

12-5-6 Marketing and Subscription Agreements

The Company entered into a marketing and subscription agreement, whereby the Company contracts with different parties to provide its customers with promotional and subscription services. A summary of the key terms of this agreement is stated below:

a) STC Partnership Agreement

The Company entered into a Qitaf partnership agreement with the Saudi Telecom Company ("STC") on 12/07/1435H (corresponding to 10/01/2014G), where members of the Qitaf program shall have the opportunity to redeem their Qitaf points at the Company's pharmacies in the Kingdom. This will enable the Company's customers, through the Arbahi program, to exchange their Arbahi points for Qitaf points, in order to benefit from the features of the Qitaf program offered by STC. This agreement does not contain any exclusive arrangements between the parties.

The agreement has a term of three (3) years starting on the date thereof, to be automatically renewed unless either party notifies the other of its intent not to renew it ninety (90) days before the expiry date.

Under the agreement, the parties shall keep the information confidential, including all information related to the agreement. Such information may not be disclosed to third parties unless the written consent of the non-disclosing party is obtained.

The Company shall not contract with any of STC's competitors, or in relation to any program similar to Qitaf program. This obligation shall remain in effect during the effective term of the agreement.

The agreement shall be governed by the applicable laws of the Kingdom. A dispute arising out of or in relation to the agreement that cannot be resolved amicably within sixty (60) days shall be referred to the competent courts of the Kingdom.

12-5-7 IT Support Agreements

a) Service and Support Agreement with Digital Business IT Systems Co. Ltd.

The Company entered into a service and support agreement with the Digital Business IT Systems Co. Ltd. on 06/05/1441H (corresponding to 01/01/2020G), whereby the Digital Business IT Systems Co. shall provide the Company with the IT support services it requires, including technical support for the help desk, networking, collaboration, security, data center management, managed services, and Internet applications.

The agreement has a term of twelve (12) months, commencing on 05/17/1442H (corresponding to 01/01/2021G), to be automatically renewable for a similar period.

The agreement shall be governed by the laws of the Kingdom. A dispute arising out of or in relation to the agreement shall be referred to the competent courts of the Kingdom.

12-5-8 Financing Agreements

The Company entered into several financing agreements. A summary of such agreements is stated below

a) Commodity Purchase Financing Agreement between the Company and GIB

The Company entered into a commodity financing agreement with Gulf International Bank ("GIB") on 12/01/1441H (corresponding to 07/22/2020G) as amended on 02/09/1443H (corresponding to 09/16/2021G), whereby GIB shall provide the Company with Murabaha facilities with a total value of two hundred thirty-seven million five hundred thousand Saudi Riyals (SAR 237,500,000) to finance the Company's working capital requirements and deal with treasury facilities provided by GIB. The facilities provided under the agreement include:

- Working capital facilities, including the following sub-limits:
  - A facility to refinance the letter of credit, finance direct payment to suppliers and finance invoices with a maximum amount of two hundred million Saudi Riyals (SAR 200,000,000) for a period of twelve (12) months, and
  - Short-term financing of a maximum amount of one hundred seventy million Saudi Riyals (SAR 170,000,000) for a period of twelve (12) months; and
- Treasury facilities with a maximum amount of thirty-seven million five hundred thousand Saudi Riyals (SAR 37,500,000).

This agreement shall remain in effect until the date on which the facility is canceled or terminated by GIB at its discretion.

The guarantees provided by the Company include joint and multiple guarantees by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, Abdullah Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari.

According to the letter submitted by GIB in which it provided its written consent to the Initial Public Offering, transfer and change of ownership and capital increase on 07/02/1442H (corresponding to 02/14/2021G), GIB requested additional security from Mawarid Holding Company.

GIB may, at its sole discretion, cancel the facility and declare all amounts due and payable immediately if and where:

1) The Company or any guarantor fails to pay the amount due at maturity;
2) The Company or any guarantor fails to perform or comply, duly and on time, with any of its obligations under the agreement and, in case of a default which, in GIB's opinion, is not material and is capable of being remedied, the Company fails to remedy it within (7) seven days (or any longer period of time that GIB may agree to) from (i.) the date the Company becomes aware of the relevant default, or (ii.) the date of receipt of written notice from GIB requesting such remedy;

3) Any representation or warranty made or deemed to have been made by the Company, the guarantor, the Company's Directors or officers under the agreement is found to be incorrect or misleading in any respect which GIB considers to be material;

4) If any indebtedness becomes payable or can be declared to be payable before the specified due date or are not paid on maturity;

5) A legal action is lodged or all or any part of the assets or business of the Company or any guarantor is attached or seized and the same is not complied with or satisfied within fourteen (14) days;

6) A lawsuit or proceeding is initiated, a judgment or decision is issued or any measures are taken with respect to the dissolution, insolvency, bankruptcy, reorganization, or re-establishment of the Company or any guarantor;

7) The Company or any guarantor stops or suspends payments to its financiers;

8) The Company or any guarantor ceases to conduct all or any part of its business;

9) Any of the required representations in relation to this Agreement are not granted or are no longer in effect;

10) There is, or will be, a law, regulation, order, or a change in law, regulation, or system that will suspend the performance by the Company or any guarantor of its obligations under the agreement; and

11) There is a situation which, in the opinion of GIB, gives reasonable grounds to expect any material adverse change in the business or financial condition of the Company or any guarantor; and

12) A personal guarantor (if any) is dead or subject to mental disability; and

13) Under the authority of a government, the management of the Company or any guarantor is replaced, in whole or in part; the Company or any guarantor is restricted; or all or a majority of the Shares, assets or revenues of the Company are forcibly seized, nationalized, or expropriated.

The Company shall notify GIB immediately if there is any change in its legal form, constitutional documents and/or ownership, or if any of the information it has previously provided in connection with Know Your Customer procedures is incorrect, incomplete, or misleading or become incorrect, incomplete or misleading in any material respect. The Company may not issue any additional shares or change any rights related to the shares issued to date without the prior written consent of GIB. The Company shall notify GIB immediately of any changes in the ownership of its capital.

The Company shall not, without the prior written consent of GIB, pay or declare any distribution of dividends or any other distribution in connection with any financial year before the available total amount of distribution to its Shareholders in such financial year is determined, which only in this case shall not exceed 25% of the available total amount of distribution.

Pursuant to the letter submitted by the Company under which notifies GIB of the Initial Public Offering, transfer and change of ownership, and capital increase since the Company's legal form and ownership structure will be changed, GIB thereby provided its written consent to the same on 07/02/1442H (corresponding to 02/14/2021G).

The agreement shall be governed by the applicable laws of the Kingdom. A dispute arising out of the agreement shall be subject to the jurisdiction of the general courts.

b) Murabaha Agreement between the Company and Emirates NBD

The Company entered into a Murabaha agreement with Emirates NBD on 09/15/1440H (corresponding to 05/20/2019G), whereby Emirates NBD provides the Company with securitization financing with a total value of one hundred million Saudi Riyals (SAR 100,000,000), for the purpose of financing the Company's capital requirements and ongoing business requirements. The facilities provided under the agreement include the following sub-limits:

- A short-term revolving loan "Tawarruq" with a total limit of fifty million Saudi Riyals (SAR 50,000,000);
- Direct payment to suppliers "Tawarruq" with a total limit of twenty million Saudi Riyals (SAR 20,000,000) ("Commodity Tawarruq Facility");
- A letter of credit (sight/acceptance credit or deferred payment credits) Murabaha/Wakala and Murabaha with a total limit of twenty-five Saudi Riyals (SAR 25,000,000), including the following sub-limit:
  - Documentary LC refinancing – Murabaha/Wakala and Murabaha with a maximum of twenty-two million five hundred thousand Saudi Riyals (SAR 22,500,000); and
- Treasury facilities with a maximum amount of five million Saudi Riyals (SAR 5,000,000).

The agreement has a term of one year from the date thereof. The agreement shall be automatically renewed for similar periods unless either party notifies the other in writing of its intent not to renew seven (7) days prior to the expiry of the initial term or renewal.

The guarantees offered by the Company include:

- The guarantees were provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, Abdullah Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari; and
- A promissory note of one hundred million Saudi Riyals (SAR 100,000,000) provided by the Company;

Pursuant to the letter submitted by the Company under which notifies Emirates NBD of the Initial Public Offering, transfer and change of ownership and capital increase since the Company's legal form and ownership structure will be changed, Emirates NBD thereby provided its written consent to the same on 07/18/1442H (corresponding to 03/02/2021G).

Emirates NBD may, at its sole discretion, cancel the facility and declare all amounts due and payable immediately if there is any breach in payment. In addition, all amounts payable under the agreement shall be accelerated and the agreement shall be terminated if there is any breach in payment, such as follows:

1) The Company fails to pay an amount on the due date at the place and in the currency in which payment is allowed;
2) A statement or declaration made or considered to have been made by the Company under the agreement is found to be incorrect or misleading in any respect considered to be material and the same is capable of being corrected, but the Company fails to do so within five (5) days;
3) The Company becomes unable, or admits its inability, to pay its debts when they fall due, suspends the payment of any of its debts, or initiates negotiations with one or more of its creditors due to actual or expected financial difficulties; or the value of the Company's assets is less than its liabilities, or any of the Company's debts is delayed;
4) An institutional, legal, or other action is taken in connection with the suspension of payments; a decision is issued to postpone the payment of debts, or wind up, dissolve, or reorganize the Company; a compromise, assignment, or other arrangement is agreed upon with any creditor of the Company; a liquidator, receiver, mandatory administrator or administrative manager is appointed over the Company's assets; any security is enforced against any of the Company's assets; or any similar action is taken;
5) The Company's performance of any of its obligations under the agreement is or becomes unlawful; and
6) There is a material change in the Company's ability to meet its obligations under the agreement or in the business, financial position, or entire assets of the Company.

With regard to the Commodity Tawarruq Facility, the following events constitute breaches under the Commodity Purchase and Sale Agreement concluded on 09/15/1440H (corresponding to 05/20/2019G) ("Tawarruq Agreement"):

1) If the Company fails to pay any amount due;
2) If any statement or declaration issued by the Company under the agreement is found to be incorrect or misleading;
3) If the Company fails to fulfill any obligations under this Agreement and such default is not corrected within three (3) days after Emirates NBD gives notice thereof to the defaulting party;
4) If the Company does not pay any of its debts when they become due; if any indebtedness of the Company becomes due and payable before the specified maturity date; or if any creditor of the Company has the right to declare any debt on the Company due and payable before the specified maturity date;
5) If at any time a debt of the Company to Emirates NBD loses its priority over all other debts of the Company;
6) If Company is unable to pay its debts when due or make a general compromise in favor of its creditors;
7) If the Company takes any corporate actions, other steps or judicial proceedings to terminate, dissolve, or restructure the Company or appoint a receiver, administrator or similar officer over any or all of its income and assets;
8) If the Company sells, leases, transfers or otherwise disposes of, whether in one or more transactions, all or any of its revenues and properties;
9) If the Company stops or threatens to stop carrying out its business;

10) If the Company does not undertake any work or procedure or fulfill any act required to be done or performed at any time in order to: (i.) enable the Company to legally enter into or perform its obligations; (ii.) ensure that its obligations to which the Company will be bound are legal, valid and binding; or (iii.) make Tawarruq Agreement acceptable in the Kingdom;

11) If the Company denies Tawarruq Agreement or does any act indicating its intention to deny the same;

12) If at any time the Company's fulfilment of any or all of its obligations under Tawarruq Agreement is unlawful; and

13) If there is any circumstance that gives reasonable grounds, in the opinion of Emirates NBD, to believe that the Company may fail or be unable to perform its obligations under Tawarruq Agreement.

The agreement does not include any material restrictions on the Company.

Pursuant to the letter submitted by the Company under which notifies Emirates NBD of the Initial Public Offering, transfer and change of ownership, and capital increase since the Company's legal form and ownership structure will be changed, Emirates NBD thereby provided its written consent to the same on 07/18/1442H (corresponding to 03/02/2021G).

The agreement shall be governed by the applicable laws of the Kingdom, and any dispute arising thereunder shall be referred to the Banking Disputes Settlement Committee.

c) The Master Facility Agreement between the Company and Banque Saudi Fransi

The Company entered into a master facility agreement with Banque Saudi Fransi ("BSF") on 04/03/1442H (corresponding to 11/18/2020G), whereby BSF shall provide the Company with facilities with a total value of two hundred five million Saudi Riyals (SAR 205,000,000), for the purpose of financing duly approved and stamped invoices provided by the Company's customers for a specified period and up to a specified percentage, financing the purchase of imported goods under a letter of credit opened by BSF, and covering any lease transactions between the Company and BSF;

The facilities provided under the agreement include multi-purpose facilities with a maximum total of two hundred million Saudi Riyals (SAR 200,000,000), including the following sub-limits:

1) Murabaha financing;

2) Financing the purchase and sale of commodities "Tawarruq";

3) Tawarruq financing (financing documentary letters of credit and/or bills of collection); and

4) Multiple imports (sight/use, acceptance of documentary letters of credit).

Multi-purpose facilities with a maximum total of five million Saudi Riyals (SAR 5,000,000), including the following sub-limits:

1) Forward purchase and selling of foreign currencies;

2) Forward rate agreement, and

3) Interest rate swap.

The facilities under the BSF Master Facility Agreement are subject to (1.) the Murabaha Framework Agreement between the Company and BSF dated 04/03/1442H (corresponding to 11/18/2020G); and (2.) the Master Sale and Purchase Commodities Agreement "Tawarruq" concluded between the Company and BSF on 04/03/1442H (corresponding to 11/18/2020G), which governs the technical aspects of Murabaha and Tawarruq facilities.

The facilities provided under the agreement shall expire on 05/27/1443H (corresponding to 12/31/2021G), unless the parties agree in writing to renew them for another period.

The guarantees offered by the Company include:

- Guarantees were provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, Abdullah Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari; and
- A promissory note of two hundred fifty million Saudi Riyals (SAR 250,000,000) payable at sight.

Pursuant to the letter submitted by the Company under which notifies the BSF of the Initial Public Offering, transfer and change of ownership, and capital increase since the Company's legal form and ownership structure will be changed, the BSF thereby provided its written consent to the same on 07/02/1442H (corresponding to 02/14/2021G) and 09/17/1442H (corresponding to 04/29/2021G).

Pursuant to the Murabaha Framework Agreement between and the Commodity Sale and Purchase Agreement "Tawarruq" between the Company and BSF, BSF may cancel the facilities for any reason at its sole discretion and require the Company to pay all amounts due immediately. In addition, BSF may accelerate the payment of or declare all facility amounts due and payable under the BSF Master Facility Agreement upon the occurrence of any of the following default events:

1) The Company's failure to pay any or all amounts due in accordance with the agreement;
2) Any information provided by the Company under the agreement or any other related document which is proven to be untrue or misleading;
3) The Company breaches any of the terms and conditions of the agreement and fails to rectify such breach within three days after it is notified of the breach;
4) The Company fails to pay any of its indebtedness to any party when due, or its indebtedness is declared due and payable before the maturity date;
5) The Company's indebtedness to BSF is not deprioritized against the other indebtedness;
6) The Company fails to pay any debt to any party when due;
7) Legal or corporate action is taken to liquidate or restructure the Company or a person is appointed for the Company's assets;
8) All or any part of its revenue or assets are sold, leased, transferred or otherwise disposed of by the Company through one or more transactions or series of transactions (whether with related parties or not) in such a way that affects its ability to meet its obligations;
9) The Company ceases to carry out its business activities as of the date of the agreement;
10) The Company fails to take any action required to: (i) allow the legal enforcement of the Company's obligations under the agreement, (ii) ensure that the Company's obligations under the agreement are lawful, valid and binding, and (iii) ensure that the agreement shall be used as acceptable evidence in the Kingdom;
11) The Company repudiates the agreement or takes any action with the intent to repudiate the agreement.
12) The Company's fulfillment of any of its obligations under the Facility Agreement is or becomes illegal; or
13) In the opinion of BSF, any circumstances occur that provide reasonable grounds to believe that the Company may be unable to comply with its obligations under the agreement.

If there is a change in the (legal or natural) persons who are able to exercise effective control over the Company, the BSF may cancel the facilities and require the payment of all amounts due. Effective control means controlling more than 50% of the Company's voting rights or capital.

The agreement shall be governed by the applicable laws of the Kingdom, and any dispute arising thereunder shall be referred to the Banking Disputes Settlement Committee.

d) Facility Agreement between the Company and the Saudi British Bank

The Company entered into a facility agreement with the Saudi British Bank (SABB) on 02/19/1442H (corresponding to 10/06/2020G) as amended on 08/30/1442H (corresponding to 04/12/2021G), whereby SABB provides the Company with facilities with a total value of one hundred forty-five million five hundred thousand Saudi Riyals (SAR 145,500,000) for the purpose of protecting borrowing operations from exchange rate fluctuations and insuring against any negative movements of the main trading currencies.

The facilities provided by SABB under the agreement include:

- The Interest Rate Agreement with an estimated risk limit of one hundred thirty-five million five hundred thousand Saudi Riyals (SAR 135,500,000); and
- Optional facilities for foreign currency trading with an estimated risk limit of ten million Saudi Riyals (SAR 10,000,000).

The facilities under this agreement are subject to the general terms and conditions of the facility letter and agreement dated 02/19/1442H (corresponding to 10/06/2020G) concluded by the Company and SABB, which governs the technical aspects of the facilities.

The facilities provided under the agreement expire on 01/23/1443H (corresponding to 08/31/2021G).

The guarantees offered by the Company include:

- Guarantees were provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, and Abdullah Saad Butti Al-Farraj Al-Subaie;
- A promissory note of twenty-two million five hundred thousand Saudi Riyals (SAR 22,500,000) payable at sight, and
- An authorization letter specifying the names of the persons authorized to complete the currency exchange agreements with the Saudi British Bank (SABB) and the scope of such authorization.

Pursuant to the email sent by SABB in which it provided its written consent to the Initial Public Offering, transfer, change of ownership and capital increase on 07/09/1442H (corresponding to 02/21/2021G), SABB requested an additional guarantee from Mawarid Holding Company.

Any of the following events shall constitute a breach due to which SABB may at its discretion require the Company to pay the credit facilities immediately if the Company fails to remedy the situation within the period to be specified by SABB:

1) The Company's failure to pay any or all amounts due in accordance with the agreement;
2) The Company's failure to perform any of the terms and conditions of the agreement;
3) The expiry or termination of any of the guarantees or guarantee documents granted, or objection to their enforceability or validity;
4) The Company's failure to fulfill its obligations to SABB under the agreement when due or the occurrence of any event relating to its obligations which entitles SABB to declare such obligation due and payable immediately;
5) The application of a receiver or liquidator; its inability or declaration of its inability to pay its debts when due; general compromise in favor of creditors; the declaration of its bankruptcy or insolvency; the appointment of a liquidator, or the provision of a voluntary petition to declare its bankruptcy;
6) Any breach of financial documents that were not corrected within the period specified by SABB from the date of the breach; and
7) Any violation or breach by the Company under any other agreement concluded with any bank or other financial institution, which in turn materially affects the ability of the Company to meet its obligations.

SABB shall have the absolute right to withdraw or cancel any of the facilities granted under the agreement and require the repayment of all cash facilities.

The Company shall inform SABB of any actual or proposed changes to its legal, financial, or administrative status or any changes in its Bylaws. If there is a change in ownership, SABB shall reserve the right to amend the terms and conditions of the agreement, request additional guarantees, require the repayment of amounts due, cancel limits, or suspend the use of the granted facilities.

Pursuant to the letter submitted by the Company under which notifies the SABB of the Initial Public Offering, transfer and change of ownership, and capital increase since the Company's legal form and ownership structure will be changed, the SABB thereby provided its written consent to the same on 07/09/1442H (corresponding to 02/21/2021G).

This agreement shall be governed by the applicable laws of the Kingdom or any other country where any of the Company's assets may be located. The guarantee documents may be enforced by any competent court.

e) Islamic Facility Agreement between the Company and SABB

The Company entered into an Islamic facility agreement with SABB on 02/19/1442H (corresponding to 10/06/2020G) as amended on 08/30/1442H (corresponding to 04/12/2021G), whereby SABB shall provide the Company with facilities of a total value of two hundred fifteen million Saudi Riyals (SAR 215,000,000) for the purpose of financing the Company's capital and daily expenses, importing materials related to the Company's activities, issuing guarantees in favor of Company contracts, and meeting the Company's needs and other types of guarantees.

The facilities provided by SABB under the agreement include:

1) The Islamic cash account with a facility limit of five million Saudi Riyals (SAR 5,000,000);
2) Murabaha financing/metal securitization with a facility limit of thirty million Saudi Riyals (SAR 30,000,000);

3) The financing of Murabaha documentary letters of credit (at sight/deferred/category B) with a facility limit of twenty-five million Saudi Riyals (SAR 25,000,000);

4) The Islamic cash account with a facility limit of ten million Saudi Riyals (SAR 10,000,000);

5) Murabaha financing/metal securitization with a facility limit of one hundred and five million Saudi Riyals (SAR 105,000,000);

6) The financing of Murabaha documentary letters of credit (at sight/deferred/category B) with a facility limit of thirty million Saudi Riyals (SAR 30,000,000), including the following upper limit:

   - A guarantee facility to pay commercial papers with a facility limit of thirty million Saudi Riyals (SAR 30,000,000); and

7) Bid forms and performance bonds and down payment guarantees with a facility limit of ten million Saudi Riyals (SAR 10,000,000), including the following upper limit:

   - Various guarantees with a facility limit of five million Saudi Riyals (SAR 5,000,000).

The facilities of this agreement are subject to the facility letter and agreement (Islamic banking facilities) concluded between the Company and SABB on 02/19/1442H (corresponding to 10/06/2020G), and the Islamic finance agreement concluded between the Company and SABB on 02/19/1442H (corresponding to 10/06/2020G), which governs the technical aspects of the facilities.

The facilities provided under the agreement have expired on 01/23/1443H (corresponding to 08/31/2021G).

The guarantees offered by the Company include:

- Guarantees were provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, and Abdullah Saad Butti Al-Farraj Al-Subaie, and
- A promissory note of two hundred and fifteen million Saudi Riyals (SAR 215,000,000).

Pursuant to the email sent by SABB in which it provided its written consent to the Initial Public Offering, transfer and change of ownership, and capital increase on 07/09/1442H (corresponding to 02/21/2021G), SABB requested an additional guarantee from Mawarid Holding Company.

All terms of this agreement (and all agreements related thereto) shall terminate, and all the liabilities of the Company under the SABB's books will be immediately due and payable without any legal action if:

1) The Company's fails to perform or delay in performing any of its obligations or undertakings under this agreement;

2) The Company breaches any of the guarantees provided by it in favor of SABB by taking any action that reduces their value, which may affect the rights of SABB thereto;

3) The Company is bankrupt or suspends its business; and

4) The Company is dissolved, liquidated or sold, or ceases to conduct its business; or its legal entity is changed.

The Company shall inform SABB of any actual or proposed changes to its address, legal, financial, or administrative status. A change in the Company's legal status shall be deemed to be an event of breach.

Pursuant to the letter submitted by the Company under which notifies the SABB of the Initial Public Offering, transfer and change of ownership, and capital increase since the Company's legal form and ownership structure will be changed, the SABB thereby provided its written consent to the same on 07/09/1442H (corresponding to 02/21/2021G).

The agreement shall be governed and construed in accordance with the laws of the Kingdom. The parties shall be irrevocably subject to the unrestricted jurisdiction of the courts of the Kingdom and the ICC Uniform Customs & Practice for Documentary Credits (UCP 600) and subsequent amendments thereto in a manner that does not conflict with the provisions of Sharia.

f) Credit Facility Agreement between the Company and Arab National Bank

The Company entered into a credit facility agreement with the Arab National Bank ("ANB") on 04/11/1442H (corresponding to 11/26/2020G), whereby ANB shall provide the Company with facilities totaling two hundred twenty million Saudi Riyals (SAR 220,000,000) for the purpose of financing the Company's working capital; issuing documentary letters of credit for the benefit of the beneficiaries accepted by ANB to import the business needs and refinancing the related payment obligations through Murabaha for sight letters of credit and Tawarruq for deferred letters of credit; financing imports through documentary letters of credit opened by ANB; and issuing some letters of guarantee in favor of the beneficiaries accepted by ANB. The facilities provided by ANB under the agreement include:

- A debit current account with a facility limit of one hundred million Saudi Riyals (SAR 100,000,000);
- Short-term revolving securitization financing with a facility limit of eighty million Saudi Riyals (SAR 80,000,000);
- Joint facilities with a facility limit of forty million Saudi Riyals (SAR 40,000,000), including:
  - Sight/deferred documentary letters of credit with a facility limit of forty million Saudi Riyals (SAR 40,000,000), and
  - The financing of the credits/bills of collection with a facility limit of forty million Saudi Riyals (SAR 40,000,000) including the following sub-limit;
- Islamic revolving letters of guarantee with a facility limit of forty million Saudi Riyals (SAR 40,000,000).

The facilities provided under the agreement have expired on 11/20/1442H (corresponding to 06/30/2021G), and may be renewed for a similar period by the consent of ANB;

The guarantees offered by the Company include:

- Guarantees were provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari;
- A promissory note of two hundred twenty million Saudi Riyals (SAR 220,000,000); and
- Other guarantees required by ANB.

Pursuant to the letter submitted by ANB in which it provided its written consent to the Initial Public Offering, transfer and change of ownership and capital increase on 07/23/1442H (corresponding to 03/07/2021G), the ANB requested an additional guarantee from Mawarid Holding Company.

ANB may, at its own discretion, cancel the facilities for any reason and require the Company to pay all amounts due immediately. In addition, all amounts due under this agreement shall become due and payable and the agreement shall terminate if the Company is subject to a change in ownership or control.

The Company shall maintain its ownership structure and shall not give the right to purchase any additional Shares in the capital to a non-current Shareholder or investor in the Company. A change in the Company's ownership structure or control shall be deemed to be an event of breach that leads to the right of ANB to terminate the agreement.

The Company may not pay dividends if it is in default under the agreement.

Pursuant to the letter submitted by the Company under which notifies ANB of the Initial Public Offering, transfer and change of ownership, and capital increase since the Company's legal form and ownership structure will be changed, the ANB provided its written consent to the same on 07/23/1442H (corresponding to 03/07/2021G).

The agreement shall be governed by the applicable laws of the Kingdom, and the Company definitively and irrevocably submits to the non-exclusive jurisdiction of the Banking Disputes Resolution Committee, except that ANB shall have the right to refer to any other judicial authority, whether inside or outside the Kingdom.

g) Banking Facility Agreement between the Company and Al Rajhi Bank

The Company entered into a banking facilities agreement with Al Rajhi Bank on 06/27/1442H (corresponding to 02/09/2021G), whereby Al Rajhi Bank shall provide the Company with facilities totaling five hundred one hundred million Saudi Riyals (SAR 500,000,000) for the purpose of financing the Company's working capital. The facilities provided under the agreement include the following sub-limits:

- Facilities for general working capital requirements with a maximum of three hundred ninety-five million Saudi Riyals (SAR 395,000,000), including the following sub-limits:
  - A facility for the purpose of issuing Musharaka letter of credit line with an amount of three hundred ninety-five million Saudi Riyals (SAR 395,000,000);
  - A forward sale line facility with a limit of three hundred million Saudi Riyals (SAR 300,000,000);
  - A facility for the purpose of issuing the importer financing line with a limit of three hundred ninety-five million Saudi Riyals (SAR 395,000,000); and
  - Sight and deferred letter of credit facilities with a limit of three hundred ninety-five million Saudi Riyals (SAR 395,000,000);

- Facilities for general working capital requirements with a maximum of one hundred million Saudi Riyals (SAR 100,000,000), including the following sub-limits:
  - Forward sale with a maximum of one million Saudi Riyals (SAR 100,000,000);
- Treasury facilities with a maximum of five million Saudi Riyals (SAR 5,000,000); and
- Hedging against foreign currency risks with a maximum of five million Saudi Riyals (SAR 5,000,000) with the possibility of issuing a Musharaka letter of credit line.

The facilities of this Agreement are subject to the forward sale agreement concluded between the Company and Al Rajhi Bank on 06/27/1442H (corresponding to 02/09/2021G), which governs the technical aspects of the forward sale facilities.

The annual review date is 04/25/1443H (corresponding to 11/30/2021G).

The guarantees provided by the Company include the guarantees that are provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari.

Pursuant to the letter submitted by Al Rajhi Bank in which it provided its written consent to the Initial Public Offering, transfer and change of ownership and capital increase on 09/14/1442H (corresponding to 04/26/2021G), Al Rajhi Bank requested an additional guarantee from Mawarid Holding Company.

Al Rajhi Bank shall have the right at any time (at its sole discretion and without giving reasons) to reduce any amount of the facility or cancel or terminate all or any of the facilities.

The Company may not make any change in its ownership without the prior written consent of Al Rajhi Bank. The Company shall immediately notify Al Rajhi Bank of any changes in the ownership of its capital. If a person or group of persons acting collectively gains control of the Company, the Company shall notify Al Rajhi Bank as soon as it becomes aware of such event, and Al Rajhi Bank may submit a notice requiring the Company to pay all amounts due immediately on the date of such notice. Control means holding more than 50% of the Company's Share capital.

The Company shall not, and shall procure that the guarantor shall not, pay or declare any dividends or other distributions without the prior written consent of Al Rajhi Bank for any financial year until the available total amount of distribution to its Shareholders in such financial year is determined, which only in this case shall not exceed a certain percentage of the available total amount of distribution.

Pursuant to the letter submitted by the Company under which notifies Al Rajhi Bank of the Initial Public Offering, transfer and change of ownership and capital increase since the Company's legal form and ownership structure will be changed, Al Rajhi Bank provided its written consent to the same on 09/14/1442H (corresponding to 04/26/2021G).

h) Facility Agreement between the Company and Alinma Bank

The Company entered into a facility agreement with Alinma Bank on 03/24/1442H (corresponding to 11/10/2020G), whereby Alinma Bank shall provide the Company with facilities totaling two hundred fifty million Saudi Riyals (SAR 250,000,000), for the purpose of financing the Company's direct purchases and the purchase of the necessary equipment for the Company's activities, and opening ordinary documentary letters of credit for the purchase of the necessary equipment for the Company's activities. The facilities offered under the agreement include the following sub-limits:

- Deferred sale financing with a limit of two hundred fifty million Saudi Riyals (SAR 250,000,000), including the following sub-limits:
  - The financing of Musharaka and Murabaha letters of credit with a limit of two hundred fifty million Saudi Riyals (SAR 250,000,000); and
  - The financing of ordinary documentary letters of credit with a limit of one hundred million Saudi Riyals (SAR 100,000,000).

The facilities of this agreement are subject to the Forward Sale Agreement concluded by the Company and Alinma Bank on 03/24/1442H (corresponding to 11/10/2020G) and the Forward Commodity Musharaka Agreement concluded by the Company and Alinma Bank on 03/24/1442H (corresponding to 11/10/2020G), which governs the technical aspects of the forward sale and Musharaka facilities.

The facilities provided under the agreement have expired on 03/25/1443H (corresponding to 10/31/2021G). The agreement may be renewed by virtue of a written agreement by both parties two (2) months prior to its expiry date.

The guarantees offered by the Company include:

- Guarantees were provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, Waleed bin Mohammed Al Jaafari, and Abdullah Saad Butti Al-Farraj Al-Subaie;
- A promissory note of two hundred and fifty million Saudi Riyals (SAR 250,000,000);
- An undertaking that the Company shall, throughout the financing period, waive the proceeds of the goods and inventory insurance policy amounting at least one hundred million Saudi Riyals (SAR 100,000,000), provided that these policies shall be valid and benefit Alinma Bank first;
- The Company's obligation to deposit at least 20% of its annual revenues in its accounts with Alinma Bank for the term of the Agreement; and
- Any other guarantees required by Alinma Bank.

The Forward Sale Agreement concluded by the Company and Alinma Bank on 03/24/1442H (corresponding to 11/10/2020G) determines the events of breach by the Company of any terms and conditions of the agreement, the occurrence of which gives Alinma Bank the right to claim any outstanding amounts immediately and declare them due and payable, and the right to terminate the facilities:

- If the Company fails to comply with any or all of its liabilities due and payable to Alinma Bank;
- If the Company delays in paying its liabilities on their due date;
- If any of the terms of the Forward Sale Agreement is not performed;
- If any material information provided by the Company is found to be incorrect;
- If the Company fails to provide any such additional guarantees as may be requested by Alinma Bank;
- If the Company's legal form or Executive Management changes without the prior approval of Alinma Bank;
- If the Company has a bad rating for its credit history;
- If the Company is liquidated or placed under receivership or is unable to pay its obligations to third parties;
- If the Company acts in breach of honesty, integrity or honor, or if it is subject to criminal liability;
- If the Company's properties are confiscated or attached or if the Company is prevented from disposing of them; and
- A lawsuit or financial claim is lodged against the Company.

The Company shall notify Alinma Bank of any potential change in its legal form or ownership percentage prior to such change. If Alinma Bank accepts this change, the Company shall submit all its necessary documents within fifteen (15) days from the date the change is made.

The Company may not pay dividends if it uses the granted facilities for a purpose other than the one for which they were granted, or if it is unable to pay its liabilities when they become due.

Pursuant to the letter submitted by the Company under which notifies Alinma Bank of the Initial Public Offering, transfer and change of ownership and capital increase since the Company's legal form and ownership structure will be changed, Alinma Bank provided its written consent to the same on 08/24/1442H (corresponding to 04/06/2021G).

The agreement shall be governed by and construed in accordance with Sharia principles and the applicable laws and regulations of the Kingdom in a manner that does not violate Sharia principles. A dispute arising between the parties that cannot be resolved amicably shall be settled by the competent courts in Riyadh.

i) Facility Agreement Between the Company and Samba Financial Group (Samba)

The Company entered into a banking facilities agreement with Samba Financial Group (which was recently merged with SNB) on 02/07/1442H (corresponding to 09/24/2020G), whereby Samba Financial Group shall provide the Company with facilities totaling three hundred seventy-five million Saudi Riyals (SAR 375,000,000) for the purpose of issuing letters of credit and guarantees and financing the Company's working capital. The facilities provided under the agreement include:

1) Documentary letters of credit with a total amount of forty million Saudi Riyals (SAR 40,000,000), including the following sub-limits:
    - LC refinancing with an amount of twenty million Saudi Riyals (SAR 20,000,000), and

- Documents for collection refinancing with an amount of twenty million Saudi Riyals (SAR 20,000,000);

2) Letters of guarantee with a total amount of ten million Saudi Riyals (SAR 10,000,000);
3) Overdraft facilities with a total amount of one hundred million Saudi Riyals (SAR 100,000,000);
4) Pre-settlement risk facilities with a total amount of one hundred five million Saudi Riyals (SAR 105,000,000) with respect to hedging against the increase in the borrowing cost; and
5) Short-term loans in the form of Islamic Murabaha with a total amount of one hundred twenty Saudi Riyals (SAR 120,000,000), including the following sub-limit:
   - Overdraft facilities with an amount of thirty million Saudi Riyals (SAR 30,000,000).

The facilities of this agreement are subject to the Murabaha Facility Agreement dated 02/07/1442H (corresponding to 09/24/2020G) concluded between the Company and Samba Financial Group, which governs the technical aspects of Murabaha.

The facilities provided under the agreement have expired on 01/23/1443H (corresponding to 08/30/2021G).

The guarantees provided by the Company include:

- Guarantees were provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, Abdullah Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari;
- A promissory note of three hundred seventy-five million Saudi Riyals (SAR 375,000,000) payable at sight;
- All-risk insurance for the Company's warehouses and pharmacies, with Samba being designated as a beneficiary for an amount of no less than fifteen million six hundred thirty-three thousand three hundred thirty-three Saudi Riyals (SAR 156,333,333); and
- Any such other guarantees as may be required by Samba from time to time.

Samba may, at its own discretion, cancel the facilities for any reason and require the Company to pay all amounts due immediately. In addition, all amounts due under the agreement shall be accelerated and canceled if and where:

1) The Company fails to pay any or all amounts due under this agreement or any other agreement or covenants thereunder;
2) The Company or the guarantors fail to comply with any of their obligations under this agreement or any other agreement or any guarantee document to which it is a party, and fail to remedy such breach within seven (7) days from the earlier of the date it becomes aware thereof or the date it receives notice thereof from Samba;
3) Any debt owed to Samba or any third party becomes payable, may be declared payable before the due date, or is not paid on the due date;
4) The Company suspends or postpones the payment of its debts to the creditors or becomes or is considered insolvent under the applicable laws, and it declares its inability to pay its debts when due, seeks to enter into any compromise with its creditors or any group of them, initiates any procedures for its insolvency or bankruptcy, or has become actually insolvent;
5) The guarantor (if a natural person) is bankrupt, dead or insolvent or terminates any present or future obligation with respect to the amounts granted under the Agreement or any other agreement;
6) A law, regulation or order is issued, or any amendment in the law, regulation or order is made, which is interpreted as changing, suspending, terminating or relieving the Company or the guarantor from fulfilling its obligations under the agreement or any other agreement or guarantee document to which it is a party;
7) If, for any reason, any provision of the agreement, any other agreement or guarantee documents of the Company becomes invalid or unenforceable;
8) The Company or the guarantors object to the enforceability or validity of the agreement or any other agreement or guarantee documents;
9) If the fulfilment by the Company or the guarantors of any of their obligations or the exercise of Samba's rights or powers under the Agreement or any other agreement or guarantee document becomes illegal; or
10) There is an event which Samba considers to constitute a reasonable basis for believing that there may be a material adverse change in the business, financial, administrative or legal condition of the Company, or the results of operations or the future of the Company or the guarantor, or the ability of the Company or the guarantor to fulfill their obligations under the agreement or any other agreement or guarantee documents.

The Company shall maintain its financial, administrative and legal position, ownership structure and main business activities. The Company may not change its legal form, Shareholders, objectives or ownership structure without Samba's prior written consent. If the Company breaches this obligation, Samba may immediately terminate the agreement and accelerate any amounts payable thereunder.

Since the date of this agreement, Samba has merged with the National Commercial Bank to establish the Saudi National Bank (SNB) as a combined entity. As a result, all of Samba's rights and obligations, including this agreement, were transferred to SNB.

Pursuant to the letter submitted by the Company under which notifies SNB of the Initial Public Offering, transfer and change of ownership and capital increase since the Company's legal form and ownership structure will be changed, the SNB provided its written consent to the same on 09/08/1442H (corresponding to 04/20/2021G) and requested an additional guarantee from Mawarid Holding Company.

The Agreement shall be governed by the applicable laws of the Kingdom, and any dispute arising thereunder shall be referred to the Banking Disputes Settlement Committee.

j) Facility Agreement between the Company and NCB

The Company entered into a facility agreement with NCB on 04/07/1442H (corresponding to 11/22/2020G), whereby NCB shall provide the Company with facilities totaling three hundred fifty-seven million two hundred fifty thousand Saudi Riyals (SAR 357,250,000) for the purpose of purchasing inventory in the local and international markets, protecting borrowing operations from exchange rate fluctuations and financing the Company's working capital. The facilities offered under the agreement include the following sub-limits:

1) A commercial facility (combined limit) with a total limit of forty million Saudi Riyals (SAR 40,000,000), including the following sub-limit:
    - Deferred sight documentary letters of credit (deferred for the commercial facility) with a limit of forty million Saudi Riyals (SAR 40,000,000);
2) A commercial facility with a total limit of three hundred million Saudi Riyals (SAR 300,000,000);
3) A profit margin swap with a total limit of sixteen million seven hundred fifty thousand Saudi Riyals (SAR 16,750,000); and
4) Foreign currency purchase and mutual exchange promise with a total limit of five hundred thousand Saudi Riyals (SAR 500,000).

The facilities provided under the agreement have expired on 05/27/1443H (corresponding to 12/31/2021G). The agreement may be renewed by the agreement of the two parties.

The guarantees offered by the Company include:

- Guarantees were provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, Abdullah Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari; and
- Any other guarantees that NCB may require from time to time.

NCB may, at its sole discretion, cancel the facilities for any reason and require the Company to pay all amounts due immediately if:

- The Company fails to perform or delays in performing its obligations under the agreement without cause;
- The Company violates the insurance and guarantees provided to NCB;
- The Company breaches its obligations towards third parties in a manner that NCB may consider, at its sole discretion, to have an adverse effect on the Company's financial position;
- The Company is bankrupt or liquidated; or
- The Company's legal form is changed; any Shareholders exit or are changed, or the Company is sold.

NCB may, at any time before the end of the agreement and without obtaining the Company's approval or providing justifications, terminate the agreement in whole or in part without notifying or informing the Company of the relevant reasons. NCB shall also have the right to require the Company to repay the outstanding amounts without the Company's right to object. The Company shall have the right to terminate the agreement at any time, provided that it shall pay any liabilities due thereunder.

The Change of the legal form, exiting or changing of any Shareholders, or selling of the Company shall constitute an event of breach.

Since the date of this agreement, Samba has merged with the National Commercial Bank to establish the Saudi National Bank (SNB) as a combined entity. As a result, all of Samba's rights and obligations, including this Agreement, were transferred to SNB.

Pursuant to the letter submitted by the Company under which notifies SNB of the Initial Public Offering, transfer and change of ownership and capital increase since the Company's legal form and ownership structure will be changed, the SNB provided its written consent to the same on 09/08/1442H (corresponding to 04/20/2021G) and requested an additional guarantee from Mawarid Holding Company.

The agreement shall be governed by the applicable laws of the Kingdom, and any dispute arising thereunder shall be referred to the Banking Disputes Settlement Committee. The National Commercial Bank shall have the right to resolve the dispute in any court or judicial authority in any other jurisdiction where the Company owns assets or conducts business activities.

k) Facility Agreement between the Company and ABC Islamic Bank

The Company entered into a facility agreement with ABC Islamic Bank ("ABC Bank") on 02/28/1438H (corresponding to 11/28/2016G), which was renewed on 03/30/1441H (corresponding to 11/27/2019G), whereby ABC Islamic Bank shall provide the Company with facilities totaling twenty-five million US dollars (USD 25,000,000) for the purpose of fulfilling the Company's payment obligations through a letter of credit, financing the Company's working capital requirements, fulfilling the Company's payment obligations in relation to the letter of credit, fulfilling the payment obligations by the Company to (third party) suppliers and financing the cost of the deferred prices payable by the Company under Murabaha contracts. The facilities provided under the agreement include the following the sub-limits:

- A facility to issue a revolving letter of credit with a total amount of up to twenty-five million US dollars (USD 25,000,000); and
- Revolving Murabaha facilities including the following sub-limits:
  - The purpose of the working capital and Murabaha replacement with a total amount of up to five million US dollars (USD 5,000,000);
  - The purpose of financing the supplier with a total amount of up to twenty-five million US dollars (USD 25,000,000); and
  - The purpose of refinancing the letter of credit with a total amount of up to twenty-five million US dollars (USD 25,000,000).

The facilities extended under the agreement shall be available for thirty-six (36) months starting on 03/30/1441H (corresponding to 11/27/2019G), or such other date as may be agreed by ABC Bank at its sole discretion.

Guarantees were provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, Abdullah Saad Butti Al-Farraj Al-Subaie, Waleed Mohammad Abdullah Al-Jaafari, Hessah Saad Butti Al-Farraj Al-Subaie, and Nouf Saad Butti Al-Farraj Al-Subaie.

ABC Bank may, at its sole discretion, cancel the facilities for any reason and require the Company to pay all amounts due immediately if:

1) The Company or any guarantor fails to pay the outstanding amounts on the due date under the agreement, unless such failure is due to an administrative or technical error or if payment is made within three (3) business days from its due date;
2) A financial undertaking is not fulfilled;
3) The Company or the guarantor fails to comply with any of the terms of the financing documents;
4) The total outstanding amount is not reduced to zero at the maturity date;
5) If any representation or statement made or deemed to be made by the Company is found to be incorrect or misleading in any material respect when made or deemed to be made;
6) Any financial indebtedness of the Company or the guarantor is repaid when due or during any main remedy period;
7) Any financial indebtedness of the Company or the guarantor is declared or becomes due and payable or before its specified maturity date due to an event of default;
8) If any creditor of the Company or a guarantor becomes entitled to declare any financial indebtedness due and payable before its maturity date;
9) An obligation of any financial indebtedness of the Company or the guarantor is canceled or suspended by the creditor due to an event of default;
10) The above five events do not constitute events of default if the liability thereunder is less than five million US dollars(USD 5,000,000);
11) The Company or any guarantor is unable to pay its debts when they are due, or declare its inability to pay its debts when they become due; the value of its assets is less than its liabilities, or any indebtedness is postponed;

12) A corporate, legal, or other action is taken with regard to the postponement of indebtedness, the restructuring, compromise or assignment with a creditor, the appointment of a liquidator, or any other similar step or action;

13) Any forfeiture, seizure, distress or execution is made with respect to any assets of the Company or any guarantor;

14) If the performance by the Company or any guarantor of any of its obligations under the financing documents is or becomes illegal;

15) The Company or any guarantor denies a financing document or demonstrates its intent to disavow a financing document;

16) The Company's legal form or status is changed from the existing form as at the date of the agreement;

17) Any financing instrument or any rights of ABC Bank with respect thereto become unenforceable or cease to be in full force and effect;

18) The management of the Company or the guarantor is replaced with a government authority;

19) There is a circumstance or event which, in the opinion of ABC Bank, results in or may result in a material adverse effect;

20) The guarantor is dead or subject to mental disability; and

21) The change of the legal form or status of the Company from the existing form as at the date of the agreement shall be an event of breach.

Pursuant to the letter submitted by the Company under which notifies ABC Bank of the Initial Public Offering, transfer and change of ownership, and capital increase since the Company's legal form and ownership structure will be changed, ABC Bank provided its written consent to the same on 08/22/1442H (corresponding to 04/04/2021G).

The agreement, any Murabaha agreement to be concluded and any contractual obligations arising out of or in relation to the agreement shall be governed by English law. Each party agrees that the agreement shall comply with the principles of Islamic Sharia. The courts of England shall have jurisdiction over any claim or proceedings under the Agreement. Any lawsuit or previous lawsuit may be filed before the Banking Disputes Resolution Committee in the Kingdom and the Enforcement Departments of the General Court.

l) FAB Letter of Credit

The Company entered into a letter of credit with First Abu Dhabi Bank ("FAB") on 04/01/1441H (corresponding to 11/28/2019G), whereby FAB shall provide the Company with facilities totaling one hundred million Saudi Riyals (SAR 100,000,000) for the purpose of financing the Company's working capital requirements, financing letters of credit issued by FAB upon maturity, and financing medical product purchases on an open account basis, to be available upon the provision of supply invoices by the supplier's bank. The facilities provided under the agreement include:

1) A commodity Murabaha facility (1) with a maximum of one hundred million Saudi Riyals (SAR 100,000,000) including the following sub-limit:
    - (Islamic) letter of credit with a maximum of one hundred million Saudi Riyals (SAR 100,000,000);

2) A commodity Murabaha facility (2) with a maximum of one hundred million Saudi Riyals (SAR 100,000,000); and

3) A commodity Murabaha facility (3) with a maximum of one hundred million Saudi Riyals (SAR 100,000,000).

The annual review date is 05/15/1442H (corresponding to 11/30/2020G).

The guarantees offered by the Company include:

- A demand promissory note of one hundred million Saudi Riyals (SAR 100,000,000) covering all the facilities; and
- Guarantees with an amount of one hundred million Saudi Riyals (SAR 100,000,000) provided by HRH Prince Turki bin Mohammed bin Fahad bin Abdulaziz Al Saud, Mohammed Saad Butti Al-Farraj Al-Subaie, Abdullah Saad Butti Al-Farraj Al-Subaie, and Waleed Mohammad Abdullah Al-Jaafari.

FAB may, at its sole discretion, with immediate effect:

- Suspend and/or cancel all or any part of the unused portion of the facilities at any time; and
- With regard to the commercial facilities (including any Commodity Murabaha) or any other contingent obligation, FAB may, at any time, cancel or amend any unused portion of such commercial facilities.

The Company shall inform FAB of any changes in its legal status or ownership or any changes in its Bylaws. FAB shall reserve the right to amend and/or cancel the terms and conditions of the facilities after assessing the consequence of such change.

Pursuant to the letter submitted by the Company under which notifies FAB of the Initial Public Offering, transfer and change of ownership, and capital increase since the Company's legal form and ownership structure will be changed, the FAB provided its written consent to the same on 07/19/1442H (corresponding to 03/03/2021G).

The agreement shall be governed by the applicable laws of the Kingdom, and any dispute arising thereunder shall be referred to the Banking Disputes Settlement Committee.

12-6 Agreements and Transactions with Related Parties

The total value of related party transactions is one hundred sixty-three million eight hundred twenty-nine thousand four hundred seventy Saudi Riyals (SAR 163,829,470), two hundred sixty-eight million seven hundred twenty-four thousand eight hundred forty-eight Saudi Riyals (SAR 268,724,848), four hundred twenty-four million seven hundred ten thousand two hundred fifty-six Saudi Riyals (SAR 424,710,256) and two hundred ninety-one million, nine hundred fifty-nine, nine hundred seven Saudi Riyals (SAR 291,959,907) for the financial years ended December 31, 2018G, 2019G and 2020G and the six-month period ended June 30, 2021G, respectively. This section shows a summary of the related party agreements with the Directors and Subsidiaries. The summary of the agreements and contracts set out below does not include all terms and conditions and may not be considered a substitute for the terms and conditions of such agreements.

The Directors confirm that all agreements with Related Parties described in this section do not include any preferential conditions and have been executed in accordance with laws and regulations and based on an arm's length basis. With the exception of what is mentioned under this section of the Prospectus, the Directors confirm that the Company has no transactions, agreements, commercial relations, or real estate deals with any related parties, including the Financial Advisors and the Legal Adviser of the Initial Public Offering.

Moreover, the Directors confirm their intention to comply with Article 72 of the Companies Law and Article 46 of the Corporate Governance Regulations issued by CMA in relation to the agreements with the Related Parties.

12-6-1 Transactions with Subsidiaries

a) Agency Agreements with Höllinz and Rönzac

The Company entered into an agency agreements with Höllinz and Rönzac on 10/25/1436H (corresponding to 08/10/2015G), whereby the Company acts as an agent for Höllinz and Rönzac in the GCC countries, Algeria, Morocco, Libya, Tunisia, Egypt, Syria, Yemen, Lebanon, Jordan, the European Union, Kenya, Nigeria, South Africa, the United States and Canada (for more information about these agreements, please see Section 12-5-3 "**Agency Agreements**" of this Prospectus).

These v are deemed to be concluded with related parties as they are concluded with the Company's subsidiaries in accordance with the definition of related parties under the OSCOs. However, these agreements do not require the approval of the General Assembly in accordance with Article 71 of the Companies Law.

b) Manufacturing Agreements with Höllinz and Rönzac

The Company entered into a number of manufacturing agreements with Höllinz, Rönzac and a number of manufacturers, whereby the Company shall have the right to use the trademarks of Höllinz and Rönzac inside and outside the Kingdom. In accordance with these agreements, the manufacturer shall manufacture products for the Company under the trademarks of Höllinz and Rönzac (for more information about these agreements, please see Section 12-5-4 "**Manufacturing Agreements**" of this Prospectus).

These agreements are deemed to be concluded with related parties as they are concluded with the Company's subsidiaries in accordance with the definition of related parties under the OSCOs. However, these agreements do not require the approval of the General Assembly in accordance with Article 71 of the Companies Law.

12-6-2 Transactions and Agreements in which Directors Have an Interest

The Company entered into a number of transactions and agreements in which Directors have a direct and indirect interest (for more information, please see Section 5-7 "**Direct and Indirect Interests of the Board of Directors and Executive Management**" of this Prospectus). This section sets out a summary of the material related party agreements with the Directors which they believe are material with respect to the Company's business or may affect the investors' decision to subscribe for the Offer Shares. All these agreements and transaction values as at December 31, 2020G were approved by the General Assembly on 11/25/1442H (corresponding to 07/05/2021G).

a) Service and Support Agreement with Digital Business IT Systems Co.

The Company entered into a service and support agreement with the Digital Business IT Systems Co. on 06/05/1441H (corresponding to 01/01/2020G), whereby the Digital Business IT Systems Co. shall provide the Company with the IT support services it requires, including technical support for the help desk, networking, collaboration, security, data center management, managed services, and Internet applications (for more information about this agreement, please see Section 12-5-7 "**IT Support Agreements**" of this Prospectus). The Company also entered into other transactions with the Digital Business IT Systems Co., whereby Digital Business IT Systems Co. shall provide the Company with management services.

The total value of the transactions concluded between the Company and the Digital Business IT Systems Co. under the agreement is twenty-six million three hundred seventy-one thousand nine hundred forty Saudi Riyals (SAR 26,371,940) in the financial year 2020G.

The service and support agreement is concluded with a related party as the Directors Waleed Mohammad Abdullah Al-Jaafari and Mohammed Saad Butti Al-Farraj Al-Subaie have an indirect interest in the Digital Business IT Systems Co. These agreements were presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G).

b) Meshraf Agreements

The Company entered into a number of general contracting agreements with Meshraf, whereby Meshraf shall provide the Company with general contracting and mechanical and electrical services in relation to the Company's pharmacies. The Company entered into agreements with Meshraf in accordance with a unified form. The term of each agreement based on the form is fifty-five (55) days starting from the date the approved pharmacy designs are obtained by the Company.

The total value of the transactions concluded between the Company and Meshraf is thirty-four million five hundred fifty-nine thousand two hundred twenty-seven Saudi Riyals (SAR 34,559,227) for the six-month period ended June 30, 2021G.

Each of the agreements with Meshraf stated above is deemed to be concluded with a related party as the Directors Waleed Mohammad Abdullah Al-Jaafari and Mohammed Saad Butti Al-Farraj Al-Subaie have an indirect interest in Meshraf. These agreements were presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G).

c) Agreement with Zahwa Trading Services Company

The Company entered into a commercial and marketing work development agreement with Zahwa Trading Services Company ("Zahwa") on 06/05/1441H (corresponding to 01/01/2020G), whereby Zahwa shall supply its products to the Company, and the Company shall market and display Zahwa's products through its pharmacies. The agreement shall be effective from the date thereof and shall expire on 05/27/1443H (corresponding to 12/31/2021G). The Company shall pay any amounts owed to Zahwa in accordance with the purchase orders concluded by the two parties.

The total value of the transactions concluded by the Company and Zahwa is three million one hundred and twenty-two Saudi Riyals (SAR 3,000,122) for the six-month period ended June 30, 2021G.

The agreement with Zahwa is deemed to be concluded with a related party as the Director, Mohammed Saad Butti Al-Faraj Al-Subaie, has an indirect interest in Zahwa. This agreement was presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G). It should be noted that two of the Company's Senior Executives, namely Turki Abdullah Saad Al-Farraj (Marketing Manager) and Fahad Abdullah Saad Al-Farraj (Strategy and Organizational Performance Manager) have direct interests in Zahwa.

d) Walaa Insurance Policies

The Company entered into a number of insurance policies with Walaa Insurance Company ("Walaa") as follows:

a. A comprehensive vehicle insurance policy dated 04/30/1442H (corresponding to 12/15/2020G) concluded by the Company and Walaa;

b. An open marine insurance policy dated 06/09/1442H (corresponding to 02/01/2021G) concluded by the Company and Walaa;

c. A marine insurance policy with an open cover dated 06/09/1442H (corresponding to 02/01/2021G) concluded by the Company and Walaa;

d. A money insurance policy dated 06/09/1442H (corresponding to 02/01/2021G) concluded by the Company and Walaa;

e. A all-risks property insurance policy dated 06/09/1442H (corresponding to 02/01/2021G) concluded by the Company and Walaa; and

f. A breach of trust insurance policy dated 06/09/1442H (corresponding to 02/01/2021G) concluded by the Company and Walaa.

The total value of the insurance policies concluded by the Company and Walaa is four million five hundred forty thousand eight hundred and thirty-three Saudi Riyals (SAR 4,540,833) for the six-month period ended June 30, 2021G (for more information, please see Section 12-9 ("**Insurance**" of this Prospectus).

The Walaa Insurance Policies are deemed to be concluded with a related party as the Director, Waleed Mohammad Abdullah Al-Jaafari, has an indirect interest in Walaa Insurance Company. The Walaa Insurance Policies were submitted to and approved by the General Assembly held on 11/25/1442H (corresponding to 07/05/2021G).

e) Lease Agreement between the Company and Nouf Saad Butti Al-Farraj Al-Subaie

The Company entered into a lease agreement with Nouf Saad Butti Al-Farraj Al-Subaie on 01/15/1431H (corresponding to 02/01/2021G), whereby the Company leases its offices. The total value of the Lease Agreement with Nouf Saad Butti Al-Farraj Al-Subaie is two hundred thousand Saudi Riyals (SAR 200,000) for the financial year 2020G (for more information, please see Section 12-7 "**Real Estate**" of this Prospectus).

The Lease Agreement with Nouf Saad Butti Al-Farraj Al-Subaie is deemed to be concluded with a related party as the Lessor, Nouf Saad Butti Al-Farraj Al-Subaie, is the sister of the Director Mohammed Saad Butti Al-Farraj Al-Subaie. Thos agreement was presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G).

f) Lease Agreement with the Eastern Province Cement Company

The Company entered into a lease agreement with the Eastern Province Cement Company on 05/05/1442H (corresponding to 12/20/2020G), whereby the Company leases its offices. The total value of the Lease Agreement with the Eastern Province Cement Company is one million six hundred forty-nine thousand eight hundred thirty Saudi Riyals (SAR 1,649,830) for the six-month period ended June 30, 2021G (for more information, please see Section 12-7 "**Real Estate**" of this Prospectus).

The Lease Agreement with the Eastern Province Cement Company is deemed to be concluded with a related party as the Directors, Waleed Mohammad Abdullah Al-Jaafari, Mohammed Saad Butti Al-Farraj Al-Subaie, and Ibrahim Salem Muhammed Al-Rowais have an indirect interest in the Eastern Province Cement Company. This agreement was presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G).

g) Transactions with the Classic Travel and Tourism Agency

The Company entered into a number of transactions with the Classic Travel and Tourism Agency (the "**Agency**"), whereby the Agency shall provide the Company with various travel requirements, including booking airline tickets and hotels inside and outside the Kingdom.

The total value of the transactions between the Company and the Agency is thirteen million two hundred and eighty-seven thousand six hundred and seventy-three Saudi Riyals (SAR 13,287,673) for the six-month period ended June 30, 2021G.

The transactions with the Agency are deemed to be concluded with a related party as the Director, Waleed Mohammad Abdullah Al-Jaafari, has an indirect interest in the Agency. Agreements for the financial year ended December 31, 2020G were presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G). Transactions made during the six-month period ended June 30, 2021G shall be submitted to the Company's General Assembly for approval on an annual basis.

h) Transactions with the Corporation 966

The Company has entered into a number of transactions with the 966 Corporation, whereby the Corporation 966 shall provide the Company with a number of services in relation to the Company's business.

The total value of the transactions concluded between the Company and the Corporation 966 is one million nine hundred and sixty-eight thousand five hundred and eighty-one Saudi Riyals (SAR 1,968,581) for the six-month period ended June 30, 2021G.

The transactions with the Corporation 966 are deemed to be concluded with a related party as the Corporation 966 is owned by the Director, Mohammed Saad Butti Al-Farraj Al-Subaie. Agreements for the financial year ended December 31, 2020G were presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G). Transactions made during the six-month period ended June 30, 2021G shall be submitted to the Company's General Assembly for approval on an annual basis.

i) Transactions with Najm Suhail

The Company entered into a number of transactions with Najm Suhail, whereby Suhail Star shall provide the Company with the various necessary equipment to operate the Company's pharmacies, in accordance with the purchase orders concluded by the two parties, including wooden and glass panels, counter tables and cashier tables. The Company entered into eleven (11) agreements with Najm Suhail.

The total value of the transactions concluded between the Company and Najm Suhail is one million four hundred and eight thousand two hundred and twenty-three Saudi Riyals (SAR 1,408,223) for the six-month period ended June 30, 2021G.

The transactions with Najm Suhail are deemed to be concluded with a related party as the Director, Mohammed Saad Butti Al-Farraj Al-Subaie, has an indirect interest in Najm Suhail . Agreements for the financial year ended December 31, 2020G were presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G). Transactions made during the six-month period ended June 30, 2021G shall be submitted to the Company's General Assembly for approval on an annual basis.

j) Mawarid Trading Agreement

The Company entered into Mawarid Trading Agreement with Mawarid Trading Company on 06/05/1441H (corresponding to 01/01/2020G), whereby Mawarid Trading Company shall supply its products to the Company, and the Company shall market and display Mawarid Trading Company's products through its pharmacies. The term of the Agreement starts on the date thereof and ends on 05/27/1443H (corresponding to 12/31/2021G). The Company shall pay any amounts owed to Mawarid Trading Company in accordance with the purchase orders concluded by the two parties.

The total value of the transactions concluded by the Company and Mawarid Trading Company is one million five hundred forty-nine thousand and ninety-nine Saudi Riyals (SAR 1,549,099) for the six-month period ended June 30, 2021G.

Mawarid Trading Agreement is deemed to be concluded with a related party as the Directors and Samir Mahmood Fayyad Abdulhadi, have an indirect interest in Mawarid Trading Company, and Mawarid Holding Company (which is a Substantial Shareholder in the Company) has an ownership interest in Mawarid Trading Company. This agreement was presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G).

k) Agreement with Kanaf Charitable Association

The Company entered into a charitable services agreement with Kanaf Charitable Association ("Kanaf") on 09/06/1442H on (corresponding to 04/18/2021G), whereby the Company shall assist Kanaf in collecting donations through all of the Company's pharmacies. The Company shall pay all amounts owed to Kanaf every three Gregorian months by virtue of a check issued in the name of Kanaf. The agreement has a term of one year starting on the date thereof and is governed by the applicable laws of the Kingdom.

In addition, the Company entered into an agreement with Kanaf as part of the Company's social responsibility, whereby the Company shall pay the salaries of five (5) Kanaf's employees with a total value of one hundred and eighty-eight thousand seven hundred and forty-three Saudi Riyals (SAR 188,743) for the six months ended June 30, 2021G.

The Charitable Services Agreement with Kanaf is deemed to be concluded with a related party as the Director, Mohammed Saad Butti Al-Faraj Al-Subaie, has an indirect interest in Kanaf. These agreements were presented to and approved by the General Assembly convened on 11/25/1442H (corresponding to 07/05/2021G).

12-6-3 Transactions with the Substantial Shareholders

a) Agreement with the Chemical Company for Commercial Investment

The Company entered into a commercial and marketing work development agreement with the Chemical Company for Commercial Investment on 17/05/1442H (corresponding to 01/01/2021G), whereby Chemical Company for Commercial Investment shall supply its products to the Company, and the Company shall market and display the Chemical Company's products through its pharmacies. The term of the Agreement starts on the date thereof and ends on 05/27/1443H (corresponding to 12/31/2021G). The Company shall pay any amounts owed to the Chemical Company for Commercial Investment in accordance with the purchase orders concluded by the two parties.

The total value of the transactions concluded between the Company and the Chemical Company for Commercial Investment is four million seventy-nine thousand six hundred and eighty-four Saudi Riyals (SAR 4,079,684) for the six-month period ended June 30, 2021G.

The Commercial and Marketing Work Development Agreement concluded with the Chemical Company for Commercial Investment is deemed to be concluded with a related party as Mawarid Holding Company (which is a Substantial Shareholder in the Company) has an ownership interest in the Chemical Company for Commercial Investment.

b) SITCO Agreement

The Company entered into an agreement to develop commercial and marketing work with SITCO on 05/17/1442H (corresponding to 01/01/2021G), whereby SITCO shall supply its products to the Company, and the Company shall market and offer SITCO's products through its pharmacies. The term of the agreement commences on the date thereof and ends on 06/18/1445H (corresponding to 12/31/2021G). The Company shall pay any amounts owed to SITCO in accordance with the purchase orders concluded by the two parties.

The total value of the transactions concluded between the Company and SITCO is one hundred and fifty-one million three hundred and sixty-six thousand eight hundred and sixty-three Saudi Riyals (SAR 151,366,863) for the six-month period ended June 30, 2021G.

SITCO Agreement is deemed to be concluded with a related party as Mawarid Holding Company (which is a Substantial Shareholder in the Company) has an ownership interest in SITCO.

c) SAICO Insurance Agreement

The Company entered into an agreement for the provision of health care services with SAICO on 01/19/1437H (corresponding to 01/11/2015G), whereby the Company shall provide the required treatment to SAICO's insured customers under the insurance policies concluded between the SAICO and its customers (for more information about this agreement, please see Section 12-5-5 "**Insurance Agreements**" of this Prospectus).

The total value of the transactions concluded between the Company and SAICO is four million one hundred and ten thousand eight hundred and forty-six Saudi Riyals (SAR 4,110,846) for the six-month period ended June 30, 2021G.

SAICO Insurnace Agreement is deemed to be concluded with a related party as Mawarid Holding Company (which is a Substantial Shareholder in the Company) has an ownership interest in SAICO.

12-7 Real Estate

12-7-1 Real Estate Owned by the Company

The following table shows the details of the properties owned by the Company, noting that there is no mortgage on any of the properties owned by the Company:

Table (12-11): Real Estate Owned by the Company

#	Deed No. and Date	Property Owner	Property Location	Purpose	Area (m²)	Book value (SAR)
1	295307000430 dated 03/25/1442H (corresponding to 11/11/2020G)	The Company	Plot No. 136, Block Z, Plan No. H/11, Al-Morouj District, Hafr Al Baten	To establish a new pharmacy.	900	2,143,400
2	730207006499 dated 03/29/1439H (corresponding to 12/17/2017G)	The Company	Plot No. 17, Block No. 2, Plan No. 741, Al-Sadafa District, Khobar	To establish the Company's headquarters.	2,648.11	6,752,316
3	3307006498 dated 03/29/1439H (corresponding to 12/17/2017G)	The Company	Plot No. 16, Block No. 2, Plan No. 741, Al-Sadafa District, Khobar	To establish the Company's headquarters.	6,228.78	15,883,754
4	230107019898 dated 11/09/1434H (corresponding to 9/15/2013G)	The Company	Plot No. 14, Plan 636/1, Al-Anwar District, Dammam	The Company's workshops	8,516,7	11,070,800
5	394053003204 dated 03/04/1443H (corresponding to 10/10/2021G)	The Company	Plot No. 354, Block No. 21, Third District, Plan No. D U 1015, Dammam	To establish new pharmacies	1,800	3,960,000
6	633002005125 dated 03/14/1443H (corresponding to 10/20/2021G)	The Company	Residential Plot No. 1, Zone A, Plan No. 14/15, West Al-Oyoun District, Al-Ayoun City, Al-Ahsa Governorate	To establish new pharmacies	2,140	2,835,500
7	294749003199 dated 03/06/1443H (corresponding to 10/12/2021G)	The Company	Plot No. 558/A, Plan No. 43/2, Al-Khobar	To establish new pharmacies	1,032	3,612,000

Source: The Company

The Directors confirm that, except for the above mentioned, no other real estate are owned by the Company.

12-7-2 Properties Leased by the Company

a) Pharmacies

As at June 30, 2021G, the Company has eight hundred thirty-seven (837) registered pharmacies throughout the Kingdom. Not every pharmacy, in and of itself, is material to the Company's operations.

The Company entered into several lease agreements to lease locations to operate the Company's pharmacies across the Kingdom. The main purpose of these agreements is to establish the Company's pharmacies, and the lease term ranges from one (1) to fifteen (15) years. The rents range from twenty-five thousand (25,000) Saudi Riyals to one million five hundred thousand (1,500,000) Saudi Riyals per year.

It should be noted that most lease agreements stipulate that the lessee may not make any changes or additions to the leased property without the prior written consent of the lessor, and all such immovable changes shall be transferred to the lessor upon the expiry or termination of the lease agreement. Most of the lease agreements related to the pharmacies stipulate that the lessee may not close or cease the work in the leased property for a period of ten (10) to thirty (30) consecutive days. Otherwise, the lease agreement shall be null and void. Under some lease agreements, the lessee shall have the right to lease the property to third parties. However, other lease agreements require the lessor's consent to such lease. In general, the agreements shall be governed by Saudi law.

The lease agreements contain a number of provisions relating to the termination of these agreements: at any time by the lessee upon written notice of six (6) months to ninety (90) days prior to termination; if the lessee is unable to pay the amount of rent due for a period of sixty (60) days to ninety (90) days; if either party breaches the terms of the agreement after notifying the defaulting party who does not correct its situation, or if the Lessee becomes bankrupt or insolvent during the lease term.

b) Warehouses

The Company entered into several lease agreements for its warehouses. The table below shows the key terms of the Company's warehouse lease agreements:

Table (12-12): Warehouses Leased by the Company

#	Lessee	Lessor	Location	Effective Date of the Lease	Lease Term	Special Terms and Conditions
1	The Company	Heirs of Mohammed Abdulaziz Al-Fayez	Property No. 5.4.3.2, with an area of 975 m2, located in Al-Rabwah District, Riyadh	09/08/1441H (corresponding to 05/01/2020G)	Ten (10) years	The aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreement shall also be terminated in the event of the insolvency of the lessee if he is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business establishment.
2	The Company	Saudi Authority for Industrial Cities and Technology Zones (Modon)	Plot No. 0161K01: 004-0005, located in Sudair Industrial City, with a total area of 51,012 m2	02/10/1433H (corresponding to 01/04/2012G)	Twenty (20) years	-
			Plot No. 0161K02: 014-014, located in Sudair Industrial City, with a total area of 9,609 m2	12/28/1441H (corresponding to 08/29/2019G)	Twenty (20) years	-
			Plot No. 0161K02: 001-001, located in Sudair Industrial City, with a total area of 13,275 m2	08/02/1441H (corresponding to 02/26/2020G)	Twenty (20) years	-
			Plot No. 016K01: 002-002 + 017-018, located in Sudair Industrial City, with a total area of 16,081 m2.	12/30/1436H (corresponding to 10/13/2015G)	Twenty (20) years	-
			Plot No. 0161K01: 003—003, located in Sudair Industrial City, with a total area of 5,360 m2.	05/28/1437H (corresponding to 03/08/2016G)	Twenty (20) years	-
			Plot No. 0161K01: 006—006, located in Sudair Industrial City, with a total area of 8,970 m2.	12/30/1436H (corresponding to 10/13/2015G)	Twenty (20) years	-

#	Lessee	Lessor	Location	Effective Date of the Lease	Lease Term	Special Terms and Conditions
3	The Company	Sons of Sulaiman Hamad Al-Seef Company for Real Estate Investment	Retail Store No. 8, located in Northern Al Khalidiya, Iklam bin Al Saifi Region, Dammam, with a total area of 1,176 m2	11/21/1441H (corresponding to 07/12/2020G)	One (1) year	The aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreement shall also be terminated in the event of the insolvency of the lessee if he is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business establishment.
4	The Company	Sons of Sulaiman Hamad Al-Seef Company for Real Estate Investment	Retail space No. 2, located in Northern Al Khalidiya, Dammam, with a total area of 1,200 m2	11/21/1441H (corresponding to 07/12/2021G)	One (1) year	The aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreement shall also be terminated in the event of the insolvency of the lessee if he is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business establishment.
5	The Company	Sons of Sulaiman Hamad Al-Seef Company for Real Estate Investment	Retail spaces 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 located in Northern Al Khalidiya, Khalaf Bin Hisham Street, Dammam, with a total area of 12,386 m2	11/21/1441H (corresponding to 07/11/2021G)	One (1) year	The aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreement shall also be terminated in the event of the insolvency of the lessee if he is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business establishment.

#	Lessee	Lessor	Location	Effective Date of the Lease	Lease Term	Special Terms and Conditions
6	The Company	Hamza Fouad Hamza Jamal Al-Lail	Retail spaces 1, 2, 3, 4 located in Al-Hayer, Al-Masani District, Riyadh, with a total area of 2,547 m2	04/01/1442H (corresponding to 11/16/2020G)	One (1) year	The aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreement shall also be terminated in the event of the insolvency of the lessee if he is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business establishment.
7	The Company	Ahmed Odeh Aoun Al-Shahrani	Two retail spaces, located on Qatar Road, Khamis Mushait, with a total area of 1,800 m2	03/20/1442H (corresponding to 11/06/2020G)	04/21/1445H (corresponding to 11/05/2023G)	The aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreement shall also be terminated in the event of the insolvency of the lessee if he is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business establishment.
8	The Company	Abdulaziz Al-Ajlan Sons Real Estate Investment Company	Retail space, located in Al-Jawiya Agricultural District, Hofuf, with a total area of 1,605 m2	07/05/1442H (corresponding to 02/17/2021G)	One (1) year	The aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreement shall also be terminated in the event of the insolvency of the lessee if he is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business establishment.

#	Lessee	Lessor	Location	Effective Date of the Lease	Lease Term	Special Terms and Conditions
9	The Company	Sons of Sulaiman Hamad Al-Seef Company for Real Estate Investment	Retail Store No. 2 located in Aklam Bin Safi Street, Northern Khalidiya, Dammam, with a total area of 1,176 m2	11/21/1441H (corresponding to 07/12/2020G)	One (1) year	The aggrieved party may terminate the agreement if the other party breaches any of its obligations after the breaching party is notified by the aggrieved party of the rights that are granted to the aggrieved party if the breaching party fails to abide by its obligations within fifteen (15) days from the date of such notification or remove the damage resulting therefrom. The agreement shall also be terminated in the event of the insolvency of the lessee if he is an individual or the bankruptcy or liquidation of the lessee for any reason if it is a business establishment.
10	The Company	Rashid Mufleh Falah Al-Mutairi	Commercial spaces, located on General Street, Khamis Mushait	06/28/1440H (corresponding to 03/05/2019G)	Five (5) years	If the lessee delays in paying the rent, the lessor shall have the right to terminate the lease without prior notice and the lessee shall bear all damages. The lessee is not entitled to assign the lease contract to a third party without the premeditated consent of the lessor.
11	The Company	Abdulaziz Mubarak Al-Hasawi	Two retail spaces, located in Al-Sulaymaniyah District, Wali Al-Ahed Street, Jeddah, with a total area of 24,00 m2	04/10/1436H (corresponding to 01/20/2014G)	Five (5) years, to be automatically renewed	If the lessee delays in paying the rent for 60 days, the lessor shall have the right to terminate the lease without prior notice and the lessee shall bear all damages. The lessee is not entitled to assign the lease contract to a third party without the premeditated consent of the lessor. The lessee may not make any changes to the leased property without the prior approval of the lessor.
12	The Company	Abdulaziz Mubarak Al-Hasawi	Warehouse No. 21, located in King Abdullah Street, Al-Sulaymaniyah District, Jeddah, with a total area of 12.00 m2.	07/01/1439H (corresponding to 03/18/2018G)	Two (2) years, to be automatically renewed	-

#	Lessee	Lessor	Location	Effective Date of the Lease	Lease Term	Special Terms and Conditions
13	The Company	Heirs of Khalid Ahmed Al-Dakhil	A plot of land located in the Warehouse Lands in the Wholesale Market, Sakaka Al-Jawf, with a total area of 14,00 m2	03/27/1432H (corresponding to 04/01/2011G)	Ten (10) years	If the lessee delays in paying the rent, the lessor shall have the right to terminate the lease without prior notice and the lessee shall bear all damages. The lessee is not entitled to assign the lease contract to a third party without the premeditated consent of the lessor. The lessee may not make any changes to the leased property without the prior approval of the lessor.
14	The Company	Farhan Hamad Diab Al-Ajami	Four retail spaces and a part of two other retail spaces located in the Sulaymaniyah District, Hafr Al Baten	04/01/1439H (corresponding to 12/19/2017G)	Fifteen (15) years	If the lessee delays in paying the rent, the lessor shall have the right to terminate the lease without prior notice and the lessee shall bear all damages. The lessee is not entitled to assign the lease contract to a third party without the premeditated consent of the lessor. The lessee may not make any changes to the leased property without the prior approval of the lessor.
15	The Company	Saudi Ports Authority	Plot No. 9/34, located in King Abdulaziz Port, Dammam, with a total area of 6,092 m2.	09/27/1441H (corresponding to 05/20/2020G).	Three (3) years	The Saudi Ports Authority entered into an agreement with Himma Logistics Company, whereby Himma Logistics Company shall have the usufruct right on Plot No. 9/34. Himma Logistics Company established a warehouse on the plot of land and leased the warehouse to the Company.

Source: The Company

12-7-3 The Company's Offices

The Company entered into several lease agreements for its offices in Khobar, Dammam and Riyadh. The table below shows the key terms of the Lease Agreement for the Company's offices:

Table (12-13): Offices Leased by the Company

#	Lessee	Lessor	Location	Effective Date of the Lease	Lease Term	Special Terms and Conditions
1	The Company	Nouf Saad Butti Al-Farraj Al-Subaie	A three-floor building, located in Khobar, used as commercial offices.	01/15/1431H (corresponding to 01/01/2010G)	One (1) year, to be automatically renewed	If the lessee delays in paying the rent, the lessor shall have the right to terminate the lease without prior notice and the lessee shall bear all damages. The lessee is not entitled to assign the lease contract to a third party without the premeditated consent of the lessor. The lessee may not make any changes to the leased property without the prior approval of the lessor.
2	The Company	Eastern Province Cement Company	The 10th and 11th floors as offices and Office No. 703 on the 7th floor, Eastern Cement Tower, Dammam, Khobar Road.	05/17/1442H (corresponding to 01/01/2021G)	Five (5) years, to be automatically renewed	If the lessee delays in paying the rent, the lessor shall have the right to terminate the lease without prior notice and the lessee shall bear all damages. The lessee is not entitled to assign the lease contract to a third party without the premeditated consent of the lessor. The lessee may not make any changes to the leased property without the prior approval of the lessor.
3	The Company	Badr Saleh Al Rajhi Trading	Offices No. 14.1, Al-Yasmeen District, Riyadh	04/16/1434H (corresponding to 02/25/2013)	To 04/16/1444H (corresponding to 11/10/2022G)	

Source: The Company

12-8 Intangible Assets

12-8-1 Trademarks

The Company and its Subsidiaries have registered a number of trademarks in the Kingdom and some other countries. To operate and market its services, the Company and its Subsidiaries depend on these trademarks. Therefore, if the Company and its Subsidiaries fail to protect their trademarks or have to take the necessary legal action to protect them, this can have an adverse effect on their ability to use them, which would affect their businesses and results of operations (for more information about the relevant risks, please see Section 2-1 (“**Risks Related to the Company’s Business**”) of this Prospectus.) The following table shows the key particulars of the trademarks registered by the Company and its Subsidiaries:

Table (12-14): The Key Particulars of the Trademarks Registered by the Company and its Subsidiaries

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
1.		Kingdom of Saudi Arabia	The Company	1441030691	22/02/1442H (corresponding to 09/10/2020G)	10/05/1452H (corresponding to 09/09/2030G)	35
2.		Kingdom of Saudi Arabia	The Company	96/1453	11/07/1434H (corresponding to 21/05/2013G)	10/07/1444H (corresponding to 01/02/2023G)	5
3.		Kingdom of Saudi Arabia	The Company	95/1543	11/07/1434H (corresponding to 21/05/2013G)	10/07/1444H (corresponding to 01/02/2023G)	44
4.		Kingdom of Saudi Arabia	The Company	1437014344	25/06/1437H (corresponding to 03/04/2016G)	16/10/1447H (corresponding to 04/04/2026G)	35
5.		Kingdom of Saudi Arabia	The Company	1436021619	17/10/1436H (corresponding to 02/08/2015G)	16/10/1446H (corresponding to 09/04/2025G)	44
6.		Kingdom of Saudi Arabia	The Company	1439016172	12/07/1439H (corresponding to 29/03/2018G)	11/07/1449H (corresponding to 04/12/2027G)	35
7.		Kingdom of Saudi Arabia	The Company	1437008026	08/04/1437H (corresponding to 18/01/2016G)	07/04/1447H (corresponding to 24/09/2025G)	35
8.		Kingdom of Saudi Arabia	The Company	1440004452	16/02/1440H (corresponding to 10/25/2018G)	15/02/1450H (corresponding to 02/07/2028G)	35
9.		Kingdom of Saudi Arabia	The Company	1436005320	03/03/1436H (corresponding to 25/12/2014G)	02/03/1446H (corresponding to 31/08/2024G)	35
10.		Kingdom of Saudi Arabia	The Company	1437013906	19/06/1437H (corresponding to 28/03/2016G)	10/10/1447H (corresponding to 03/12/2025G)	35
11.		Kingdom of Saudi Arabia	The Company	1442003043	22/01/1442H (corresponding to 10/09/2020G)	21/01/1452H (corresponding to 18/05/2030G)	35
12.		Kingdom of Saudi Arabia	The Company	1442003047	22/01/1442H (corresponding to 10/09/2020G)	21/01/1452H (corresponding to 18/05/2030G)	35
13.		Kingdom of Saudi Arabia	The Company	1442027240	25/08/1442H (corresponding to 4/07/2021G)	24/08/1452H (corresponding to 14/12/2030G)	35

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14.		Kuwait	The Company	146732	18/06/1437H (corresponding to 27/03/2016G)	08/10/1447H (corresponding to 26/03/2026G)	35
15.		Kuwait	The Company	1629490	05/10/1442H (corresponding to 17/05/2021G)	25/01/1453H (corresponding to 05/17/2031G)	35
16.		Kuwait	The Company	101020	25/01/1430H (corresponding to 22/01/2009G)	07/09/1450H (corresponding to 22/01/2029G)	3
17.		Kuwait	The Company	101021	25/01/1430H (corresponding to 22/01/2009G)	07/09/1450H (corresponding to 22/01/2029G)	5
18.		Kuwait	The Company	101022	25/01/1430H (corresponding to 22/01/2009G)	07/09/1450H (corresponding to 22/01/2029G)	35
19.		Sudan	The Company	38713	21/02/1429H (corresponding to 28/02/2008G)	03/10/1449H (corresponding to 28/02/2028G)	3
20.		Sudan	The Company	38712	21/02/1429H (corresponding to 28/02/2008G)	03/10/1449H (corresponding to 28/02/2028G)	5
21.		Sudan	The Company	38713	21/02/1429H (corresponding to 28/02/2008G)	03/10/1449H (corresponding to 28/02/2028G)	35
22.		UAE	The Company	251069	20/06/1437H (corresponding to 29/03/2016G)	10/10/1447H (corresponding to 29/03/2026G)	35
23.		UAE	The Company	108181	19/02/1429H (corresponding to 26/02/2008G)	01/10/1449H (corresponding to 26/02/2028G)	3
24.		UAE	The Company	108182	19/02/1429H (corresponding to 26/02/2008G)	01/10/1449H (corresponding to 26/02/2028G)	5
25.		UAE	The Company	108183	19/02/1429H (corresponding to 26/02/2008G)	01/10/1449H (corresponding to 26/02/2028G)	35
26.		Qatar	The Company	104939	19/06/1437H (corresponding to 28/03/2016G)	09/10/1447H (corresponding to 28/03/2026G)	35
27.		Qatar	The Company	49203	07/02/1429H (corresponding to 14/02/2008G)	18/09/1449H (corresponding to 14/02/2028G)	3

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28.		Qatar	The Company	49204	07/02/1429H (corresponding to 14/02/2008G)	18/09/1449H (corresponding to 14/02/2028G)	5
29.		Qatar	The Company	49205	07/02/1429H (corresponding to 14/02/2008G)	18/09/1449H (corresponding to 14/02/2028G)	35
30.		Oman	The Company	141630	29/04/1442H (corresponding to 14/12/2020G)	19/08/1452H (corresponding to 14/12/2030G)	35
31.		Oman	The Company	101611	15/06/1437H (corresponding to 24/03/2016G)	05/10/1447H (corresponding to 24/03/2026G)	35
32.		Oman	The Company	145817	05/10/1442H (corresponding to 17/05/2021G)	25/01/1453H (corresponding to 05/17/2031G)	35
33.		Oman	The Company	48959	06/02/1429H (corresponding to 13/02/2008G)	17/09/1449H (corresponding to 13/02/2028G)	3
34.		Oman	The Company	48960	06/02/1429H (corresponding to 13/02/2008G)	17/09/1449H (corresponding to 13/02/2028G)	5
35.		Oman	The Company	48961	06/02/1429H (corresponding to 13/02/2008G)	17/09/1449H (corresponding to 13/02/2028G)	35
36.		Bahrain	The Company	115724	18/06/1437H (corresponding to 27/03/2016G)	08/10/1447H (corresponding to 28/03/2026G)	35
37.		Bahrain	The Company	124235	16/02/1440H (corresponding to 10/25/2018G)	07/06/1450H (corresponding to 25/10/2028G)	35
38.		Bahrain	The Company	132074	07/10/1442H (corresponding to 19/05/2021G)	27/01/1453H (corresponding to 05/19/2031G)	35
39.		Turkey	The Company	202043283	28/08/1441H (corresponding to 21/04/2020G)	18/12/1451H (corresponding to 21/04/2030G)	3,5,29,30,35
40.		Turkey	The Company	200807450	06/02/1429H (corresponding to 13/02/2008G)	17/09/1449H (corresponding to 13/02/2028G)	3,5,35
41.		Lebanon	The Company	115061	11/02/1429H (corresponding to 18/02/2008G)	01/08/1444H (corresponding to 21/02/2023G)	3,5,35

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42.		Jordan	The Company	98140	10/02/1429H (corresponding to 17/02/2008G)	21/09/1449H (corresponding to 17/02/2028G)	3,5,35
43.		Yemen	The Company	37680	13/02/1429H (corresponding to 20/02/2008G)	24/09/1449H (corresponding to 20/02/2028G)	35
44.		Egypt	The Company	213904	27/02/1429H (corresponding to 05/03/2008G)	08/10/1449H (corresponding to 04/03/2028G)	3,5,35
45.		Algeria	The Company	72093	10/02/1429H (corresponding to 17/02/2008G)	21/09/1449H (corresponding to 17/02/2028G)	3,5,35
46.		Kingdom of Saudi Arabia	Höllinz	1439015945	11/07/1439H (corresponding to 28/03/2018G)	20/07/1449H (corresponding to 03/12/2027G)	35
47.		Kingdom of Saudi Arabia	Höllinz	1439015942	11/07/1439H (corresponding to 28/03/2018G)	30/07/1449H (corresponding to 03/12/2027G)	5
48.		Kingdom of Saudi Arabia	Höllinz	1437022349	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	44
49.		Kingdom of Saudi Arabia	Höllinz	1437022348	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	43
50.		Kingdom of Saudi Arabia	Höllinz	1437022340	07/10/1437H (corresponding to 13/07/2016G)	10/11/1447H (corresponding to 27/04/2026G)	5
51.		Kingdom of Saudi Arabia	Höllinz	1437022341	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	8
52.		Kingdom of Saudi Arabia	Höllinz	1437022342	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	16
53.		Kingdom of Saudi Arabia	Höllinz	1437022343	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	21
54.		Kingdom of Saudi Arabia	Höllinz	1437022344	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	29
55.		Kingdom of Saudi Arabia	Höllinz	1437022345	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	30
56.		Kingdom of Saudi Arabia	Höllinz	1437022346	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	31
57.		Kingdom of Saudi Arabia	Höllinz	1437022347	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	32
58.		Kingdom of Saudi Arabia	Höllinz	1437022339	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	3

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59.	HÖLLINZ	Kingdom of Saudi Arabia	Höllinz	1437022339	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	35
60.	clarity	Kingdom of Saudi Arabia	Höllinz	1439015917	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
61.	clarity	Kingdom of Saudi Arabia	Höllinz	1439015916	11/-7/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	10
62.	clarity	Kingdom of Saudi Arabia	Höllinz	1439015915	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
63.		Kingdom of Saudi Arabia	Höllinz	1439015873	11/07/1439H (corresponding to 28/03/2018G)	10/07/1450H (corresponding to 03/12/2027G)	35
64.		Kingdom of Saudi Arabia	Höllinz	1439015872	11/07/1439H (corresponding to 28/03/2018G)	10/07/1450H (corresponding to 03/12/2027G)	5
65.		Kingdom of Saudi Arabia	Höllinz	1439015874	11/07/1439H (corresponding to 28/02/2018G)	10/07/1450H (corresponding to 03/12/2027G)	44
66.	napycalm	Kingdom of Saudi Arabia	Höllinz	1439018278	07/08/1439H (corresponding to 23/04/2018G)	06/08/1449H (corresponding to 29/12/2027G)	35
67.	napycalm	Kingdom of Saudi Arabia	Höllinz	1439018277	07/08/1439H (corresponding to 23/04/2018G)	06/08/1449H (corresponding to 29/12/2027G)	5
68.	napycalm	Kingdom of Saudi Arabia	Höllinz	1439018276	07/08/1439H (corresponding to 23/04/2018G)	06/08/1449H (corresponding to 29/12/2027G)	3
69.	فروتزي FRUTZY	Kingdom of Saudi Arabia	Höllinz	1439010338	06/05/1439H (corresponding to 23/01/2018G)	05/05/1449H (corresponding to 30/09/2027G)	29
70.	فروتزي FRUTZY	Kingdom of Saudi Arabia	Höllinz	1439010339	06/05/1439H (corresponding to 23/01/2018G)	05/05/1449H (corresponding to 30/09/2027G)	30
71.	فروتزي FRUTZY	Kingdom of Saudi Arabia	Höllinz	1439010340	06/05/1439H (corresponding to 23/01/2018G)	05/05/1449H (corresponding to 30/09/2027G)	35
72.	Suabelle	Kingdom of Saudi Arabia	Höllinz	1439019806	24/08/1439H (corresponding to 10/05/2018G)	23/08/1449H (corresponding to 15/01/2028G)	35
73.	Suabelle	Kingdom of Saudi Arabia	Höllinz	1439019805	24/08/1439H (corresponding to 10/05/2018G)	23/08/1449H (corresponding to 15/01/2028G)	3
74.	VOTRONIX	Kingdom of Saudi Arabia	Höllinz	1439015844	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	10
75.	VOTRONIX	Kingdom of Saudi Arabia	Höllinz	1439015845	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35

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76.	VOTRONIX	Kingdom of Saudi Arabia	Höllinz	1439015843	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	9
77.		Kingdom of Saudi Arabia	Höllinz	1439025793	16/11/1439H (corresponding to 29/07/2018G)	09/11/1449H (corresponding to 04/04/2028G)	30
78.		Kingdom of Saudi Arabia	Höllinz	1439025794	16/11/1439H (corresponding to 29/07/2018G)	09/11/1449H (corresponding to 04/04/2028G)	35
79.		Kingdom of Saudi Arabia	Höllinz	1439025792	16/11/1439H (corresponding to 29/07/2018G)	09/11/1449H (corresponding to 04/04/2028G)	5
80.	COLOSTRUM	Kingdom of Saudi Arabia	Höllinz	1439015871	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
81.	COLOSTRUM	Kingdom of Saudi Arabia	Höllinz	1439015868	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
82.	HOLFLEX	Kingdom of Saudi Arabia	Höllinz	1439015954	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
83.	HOLFLEX	Kingdom of Saudi Arabia	Höllinz	1439015950	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
84.	HOLFLEX	Kingdom of Saudi Arabia	Höllinz	1439015951	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2028G)	28
85.	KOKON	Kingdom of Saudi Arabia	Höllinz	1439018272	07/08/1439H (corresponding to 23/04/2018G)	06/08/1449H (corresponding to 29/12/2027G)	3
86.	KOKON	Kingdom of Saudi Arabia	Höllinz	1439018274	07/08/1439H (corresponding to 23/04/2018G)	06/08/1449H (corresponding to 29/12/2027G)	35
87.	KOKON	Kingdom of Saudi Arabia	Höllinz	1439018273	07/08/1439H (corresponding to 23/04/2018G)	06/08/1449H (corresponding to 29/12/2027G)	5
88.	LeVonty	Kingdom of Saudi Arabia	Höllinz	1439011743	22/05/1439H (corresponding to 08/02/2018G)	21/05/1449H (corresponding to 16/10/2027G)	35
89.	LeVonty	Kingdom of Saudi Arabia	Höllinz	1439011741	22/05/1439H (corresponding to 08/02/2018G)	21/05/1449H (corresponding to 16/10/2027G)	5
90.	LeVonty	Kingdom of Saudi Arabia	Höllinz	1439011740	22/05/1439H (corresponding to 08/02/2018G)	21/05/1449H (corresponding to 16/10/2027G)	3
91.	Loufa	Kingdom of Saudi Arabia	Höllinz	1439011744	22/05/1439H (corresponding to 08/02/2018G)	21/05/1449H (corresponding to 16/10/2027G)	5
92.	Loufa	Kingdom of Saudi Arabia	Höllinz	1439011747	22/05/1439H (corresponding to 08/02/2018G)	21/05/1449H (corresponding to 16/10/2027G)	35
93.	Loufa	Kingdom of Saudi Arabia	Höllinz	1439011746	22/05/1439H (corresponding to 08/02/2018G)	21/05/1449H (corresponding to 16/10/2027G)	21

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94.	RONIX	Kingdom of Saudi Arabia	Höllinz	1439015848	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
95.	RONIX	Kingdom of Saudi Arabia	Höllinz	1439015847	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	10
96.	RONIX	Kingdom of Saudi Arabia	Höllinz	1439015846	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	9
97.	PreSense	Kingdom of Saudi Arabia	Höllinz	1439018269	07/08/1439H (corresponding to 23/04/2018G)	06/08/1449H (corresponding to 29/12/2027G)	10
98.	PreSense	Kingdom of Saudi Arabia	Höllinz	1439018265	07/08/1439H (corresponding to 23/04/2018G)	06/08/1449H (corresponding to 29/12/2027G)	9
99.	PreSense	Kingdom of Saudi Arabia	Höllinz	1439018271	07/08/1439H (corresponding to 23/04/2018G)	06/08/1449H (corresponding to 29/12/2027G)	35
100.		Kingdom of Saudi Arabia	Höllinz	1439025776	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 04/04/2028G)	5
101.		Kingdom of Saudi Arabia	Höllinz	1439025780	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 04/04/2028G)	35
102.		Kingdom of Saudi Arabia	Höllinz	1439025777	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 04/04/2028G)	10
103.		Kingdom of Saudi Arabia	Höllinz	1439025774	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 04/04/2028G)	3
104.		Kingdom of Saudi Arabia	Höllinz	1439015855	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
105.		Kingdom of Saudi Arabia	Höllinz	1439015856	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
106.		Kingdom of Saudi Arabia	Höllinz	1439015853	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	3
107.	DawaAid	Kingdom of Saudi Arabia	Höllinz	1439015949	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
108.	DawaAid	Kingdom of Saudi Arabia	Höllinz	1439015946	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	3
109.	DawaAid	Kingdom of Saudi Arabia	Höllinz	1439015947	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
110.	DawaAid	Kingdom of Saudi Arabia	Höllinz	1439015048	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	10
111.		Kingdom of Saudi Arabia	Höllinz	1439025787	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 04/04/2028G)	5

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112.		Kingdom of Saudi Arabia	Höllinz	1439025788	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 04/04/2028G)	35
113.		Kingdom of Saudi Arabia	Höllinz	1439025786	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 04/04/2028G)	3
114.	GORNER	Kingdom of Saudi Arabia	Höllinz	1439025789	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 10/04/2028G)	3
115.	GORNER	Kingdom of Saudi Arabia	Höllinz	1439025791	08/02/1440H (corresponding to 10/17/2018G)	09/11/1449H (corresponding to 04/04/2028G)	35
116.	GORNER	Kingdom of Saudi Arabia	Höllinz	1439025790	08/02/1440H (corresponding to 10/17/2018G)	09/11/1449H (corresponding to 04/04/2028G)	5
117.		Kingdom of Saudi Arabia	Höllinz	1439025782	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 10/04/2028G)	5
118.		Kingdom of Saudi Arabia	Höllinz	1439025785	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 10/04/2028G)	35
119.		Kingdom of Saudi Arabia	Höllinz	1439025783	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 10/04/2028G)	10
120.		Kingdom of Saudi Arabia	Höllinz	1439025781	16/11/1439H (corresponding to 29/07/2018G)	15/11/1449H (corresponding to 10/04/2028G)	3
121.	AQUA Spring	Kingdom of Saudi Arabia	Höllinz	1440021211	17/08/1440H (corresponding to 22/04/2019G)	16/08/1450H (corresponding to 27/12/2028G)	35
122.	AQUA Spring	Kingdom of Saudi Arabia	Höllinz	1440021210	17/08/1440H (corresponding to 22/04/2019G)	16/08/1450H (corresponding to 27/12/2028G)	32
123.	KOOL	Kingdom of Saudi Arabia	Höllinz	1440029554	29/11/1440H (corresponding to 01/08/2019G)	28/11/1450H (corresponding to 06/04/2029G)	3
124.	KOOL	Kingdom of Saudi Arabia	Höllinz	1440029555	29/11/1440H (corresponding to 01/08/2019G)	28/11/1450H (corresponding to 06/04/2029G)	5
125.	KOOL	Kingdom of Saudi Arabia	Höllinz	1440029556	29/11/1440H (corresponding to 01/08/2019G)	28/11/1450H (corresponding to 06/04/2029G)	10
126.	KOOL	Kingdom of Saudi Arabia	Höllinz	1440029559	29/11/1440H (corresponding to 01/08/2019G)	28/11/1450H (corresponding to 06/04/2029G)	35
127.		Kingdom of Saudi Arabia	Höllinz	1442018229	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	3
128.		Kingdom of Saudi Arabia	Höllinz	1442018233	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	5
129.		Kingdom of Saudi Arabia	Höllinz	1442018237	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	10
130.		Kingdom of Saudi Arabia	Höllinz	1442018238	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	35

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131.	HOLLAID	Kingdom of Saudi Arabia	Höllinz	1442018257	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	35
132.	HOLLAID	Kingdom of Saudi Arabia	Höllinz	1442018253	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	3
133.	HOLLAID	Kingdom of Saudi Arabia	Höllinz	1442018254	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	5
134.	HOLLAID	Kingdom of Saudi Arabia	Höllinz	1442018256	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	10
135.	HOLLAID	Kingdom of Saudi Arabia	Höllinz	1442018250	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	35
136.	HOLLAID	Kingdom of Saudi Arabia	Höllinz	1442018240	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	3
137.	HOLLAID	Kingdom of Saudi Arabia	Höllinz	1442018241	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	5
138.	HOLLAID	Kingdom of Saudi Arabia	Höllinz	1442018247	11/06/1442H (corresponding to 24/01/2021G)	10/06/1452H (corresponding to 02/10/2030G)	10
139.	HollAid	Kingdom of Saudi Arabia	Höllinz	1441027939	02/11/1441H (corresponding to 22/06/2020G)	29/10/1451H (corresponding to 27/02/2030G)	3
140.	HollAid	Kingdom of Saudi Arabia	Höllinz	1441027940	02/11/1441H (corresponding to 22/06/2020G)	29/10/1451H (corresponding to 27/02/2030G)	5
141.	HollAid	Kingdom of Saudi Arabia	Höllinz	1441027941	02/11/1441H (corresponding to 22/06/2020G)	29/10/1451H (corresponding to 27/02/2030G)	10
142.	HollAid	Kingdom of Saudi Arabia	Höllinz	1441027944	02/11/1441H (corresponding to 22/06/2020G)	29/10/1451H (corresponding to 27/02/2030G)	35
143.	VEGGIE	Kingdom of Saudi Arabia	Höllinz	1439015864	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
144.	VEGGIE	Kingdom of Saudi Arabia	Höllinz	1439015865	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
145.	HÖLLINZ	Kingdom of Saudi Arabia	Höllinz	1439015867	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
146.	HÖLLINZ	Kingdom of Saudi Arabia	Höllinz	1439015866	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
147.	HÖLLINZ	Kingdom of Saudi Arabia	Höllinz	1439015858	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35

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148.	HÖLLINZ	Kingdom of Saudi Arabia	Höllinz	1439015857	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
149.	HÖLLINZ	Jordan	Höllinz	147821	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 30/10/2025G)	16
150.	HÖLLINZ	Jordan	Höllinz	147651	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 29/10/2025G)	21
151.	HÖLLINZ	Jordan	Höllinz	147642	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 30/10/2025G)	29
152.	HÖLLINZ	Jordan	Höllinz	148027	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 30/10/2025G)	3
153.	HÖLLINZ	Jordan	Höllinz	147818	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 30/10/2025G)	30
154.	HÖLLINZ	Jordan	Höllinz	147816	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 30/10/2025G)	31
155.	HÖLLINZ	Jordan	Höllinz	148025	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 30/10/2025G)	43
156.	HÖLLINZ	Jordan	Höllinz	147650	21/07/1437H (corresponding to 28/04/2016G)	0805/1447H (corresponding to 30/10/2025G)	44
157.	HÖLLINZ	Jordan	Höllinz	147778	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 30/10/2025G)	5
158.	HÖLLINZ	Jordan	Höllinz	146026	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 30/10/2025G)	8
159.	HÖLLINZ	Jordan	Höllinz	147817	21/07/1437H (corresponding to 28/04/2016G)	08/05/1447H (corresponding to 30/10/2025G)	32
160.	HÖLLINZ	Lebanon	Höllinz	173968	21/07/1437H (corresponding to 28/04/2016G)	05/01/1453H (corresponding to 04/28/2031G)	44,43,32,31,30, 29,21,16,8,5,3
161.	HÖLLINZ	Kuwait	Höllinz	149264	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	3
162.	HÖLLINZ	Kuwait	Höllinz	149265	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	5
163.	HÖLLINZ	Kuwait	Höllinz	149266	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	8
164.	HÖLLINZ	Kuwait	Höllinz	149267	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	16
165.	HÖLLINZ	Kuwait	Höllinz	149268	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	21
166.	HÖLLINZ	Kuwait	Höllinz	149269	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	29

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167.	HÖLLINZ	Kuwait	Höllinz	149270	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	30
168.	HÖLLINZ	Kuwait	Höllinz	149271	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	31
169.	HÖLLINZ	Kuwait	Höllinz	149272	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	32
170.	HÖLLINZ	Kuwait	Höllinz	153898	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	43
171.	HÖLLINZ	Kuwait	Höllinz	149273	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	44
172.	HÖLLINZ	Kuwait	Höllinz	1629501	28/09/1442H (corresponding to 10/05/2021G)	18/01/1453H (corresponding to 05/10/2031G)	35
173.		Kuwait	Höllinz	1625938KW	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	3
174.		Kuwait	Höllinz	1625978KW	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	35
175.	clarity	Kuwait	Höllinz	1625968	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	5
176.	clarity	Kuwait	Höllinz	1625927	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	10
177.		Kuwait	Höllinz	1625928KW	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	3
178.		Kuwait	Höllinz	1625942KW	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	5
179.		Kuwait	Höllinz	1625932 KW	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	35
180.	HOLFLEX	Kuwait	Höllinz	1625958 KW	01/06/1442H (corresponding to 14/01/2021G)	20/09/1452H (corresponding to 14/01/2031G)	5
181.	HOLFLEX	Kuwait	Höllinz	1625870 KW	01/06/1442H (corresponding to 14/01/2021G)	20/09/1452H (corresponding to 14/01/2031G)	28
182.	HOLFLEX	Kuwait	Höllinz	1625969 KW	01/06/1442H (corresponding to 14/01/2021G)	20/09/1452H (corresponding to 14/01/2031G)	35
183.	HÖLLINZ	UAE	Höllinz	256567	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	3
184.	HÖLLINZ	UAE	Höllinz	256568	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	5

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185.	HÖLLINZ	UAE	Höllinz	256569	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	8
186.	HÖLLINZ	UAE	Höllinz	256579	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	16
187.	HÖLLINZ	UAE	Höllinz	256571	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	21
188.	HÖLLINZ	UAE	Höllinz	256572	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	29
189.	HÖLLINZ	UAE	Höllinz	256573	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	30
190.	HÖLLINZ	UAE	Höllinz	256574	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	31
191.	HÖLLINZ	UAE	Höllinz	256575	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	32
192.	HÖLLINZ	UAE	Höllinz	256576	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	43
193.	HÖLLINZ	UAE	Höllinz	256577	08/10/1437H (corresponding to 13/07/2016G)	27/01/1447H (corresponding to 12/07/2026G)	44
194.	HÖLLINZ	UAE	Höllinz	352262	17/05/1442H (corresponding to 01/01/2021G)	07/09/1452H (corresponding to 01/01/2031G)	35
195.	clarity	UAE	Höllinz	352255	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	5
196.	clarity	UAE	Höllinz	352257	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	10
197.	clarity	UAE	Höllinz	352258	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	35
198.	HOLFLEX	UAE	Höllinz	352249	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	5
199.	HOLFLEX	UAE	Höllinz	352250	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	28
200.	HOLFLEX	UAE	Höllinz	352251	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	35
201.		UAE	Höllinz	352252	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	3
202.		UAE	Höllinz	353353	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	5

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
203.		UAE	Höllinz	352254	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	35
204.		UAE	Höllinz	352260	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	3
205.		UAE	Höllinz	352261	20/10/1442H (corresponding to 01/06/2021G)	10/02/1453H (corresponding to 06/01/2031G)	35
206.	Well Miel	UAE	Höllinz	354655	21/11/1442H (corresponding to 01/07/2021G)	11/03/1453H (corresponding to 07/01/2031G)	5
207.	Well Miel	UAE	Höllinz	354656	21/11/1442H (corresponding to 01/07/2021G)	11/03/1453H (corresponding to 07/01/2031G)	30
208.	Well Miel	UAE	Höllinz	354657	21/11/1442H (corresponding to 01/07/2021G)	11/03/1453H (corresponding to 07/01/2031G)	35
209.	HOLLAID	UAE	Höllinz	354651	21/11/1442H (corresponding to 01/07/2021G)	11/03/1453H (corresponding to 07/01/2031G)	3
210.	HOLLAID	UAE	Höllinz	354652	21/11/1442H (corresponding to 01/07/2021G)	11/03/1453H (corresponding to 07/01/2031G)	5
211.	HOLLAID	UAE	Höllinz	354653	21/11/1442H (corresponding to 01/07/2021G)	11/03/1453H (corresponding to 07/01/2031G)	10
212.	HOLLAID	UAE	Höllinz	354654	21/11/1442H (corresponding to 01/07/2021G)	11/03/1453H (corresponding to 07/01/2031G)	35
213.	HÖLLINZ	Qatar	Höllinz	105722	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	16
214.	HÖLLINZ	Qatar	Höllinz	105723	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	21
215.	HÖLLINZ	Qatar	Höllinz	105719	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	3
216.	HÖLLINZ	Qatar	Höllinz	105726	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	30
217.	HÖLLINZ	Qatar	Höllinz	105720	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	5
218.	HÖLLINZ	Qatar	Höllinz	105721	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	8
219.	HÖLLINZ	Qatar	Höllinz	105725	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	29

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220.	HÖLLINZ	Qatar	Höllinz	105727	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	31
221.	HÖLLINZ	Qatar	Höllinz	105728	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	32
222.	HÖLLINZ	Qatar	Höllinz	105729	21/07/1437H (corresponding to 28/04/2016G)	10/11/1447H (corresponding to 27/04/2026G)	42
223.	HÖLLINZ	Yemen	Höllinz	74467	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	3
224.	HÖLLINZ	Yemen	Höllinz	74471	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	5
225.	HÖLLINZ	Yemen	Höllinz	74470	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	8
226.	HÖLLINZ	Yemen	Höllinz	74468	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	16
227.	HÖLLINZ	Yemen	Höllinz	74469	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	21
228.	HÖLLINZ	Yemen	Höllinz	74472	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	29
229.	HÖLLINZ	Yemen	Höllinz	74504	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	30
230.	HÖLLINZ	Yemen	Höllinz	74501	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	31
231.	HÖLLINZ	Yemen	Höllinz	74505	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	32
232.	HÖLLINZ	Yemen	Höllinz	74509	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	43
233.	HÖLLINZ	Yemen	Höllinz	74508	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 27/04/2026G)	44
234.	HÖLLINZ	Germany	Höllinz	302015057629	17/01/1437H (corresponding to 10/30/2015G)	07/05/1447H (corresponding to 29/10/2025G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
235.	HollAid	Germany	Höllinz	302020108	01/11/1441H (corresponding to 22/06/2020G)	18/06/1452H (corresponding to 16/10/2030G)	3,5,10,35
236.	HÖLLINZ	South of Africa	Höllinz	2016/11695	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	3
237.	HÖLLINZ	South of Africa	Höllinz	2016/11697	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	5
238.	HÖLLINZ	South of Africa	Höllinz	2016/11699	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	8

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239.	HÖLLINZ	South of Africa	Höllinz	2016/1700	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	16
240.	HÖLLINZ	South of Africa	Höllinz	2016/1701	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	21
241.	HÖLLINZ	South of Africa	Höllinz	2016/1702	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	29
242.	HÖLLINZ	South of Africa	Höllinz	2016/1703	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	30
243.	HÖLLINZ	South of Africa	Höllinz	2016/1705	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	31
244.	HÖLLINZ	South of Africa	Höllinz	2016/1707	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	32
245.	HÖLLINZ	South of Africa	Höllinz	2016/17011	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	43
246.	HÖLLINZ	South of Africa	Höllinz	2016/1707	21/07/1437H (corresponding to 28/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	44
247.	HÖLLINZ	Nigeria	Höllinz	27477	21/07/1437H (corresponding to 28/04/2016G)	08/10/1444H (corresponding to 28/04/2023G)	43
248.	HÖLLINZ	Nigeria	Höllinz	27476	21/07/1437H (corresponding to 28/04/2016G)	08/01/1444H (corresponding to 28/04/2023G)	44
249.	HÖLLINZ	Malaysia	Höllinz	2019010518TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	3
250.	HÖLLINZ	Malaysia	Höllinz	2019010519TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	8
251.	HÖLLINZ	Malaysia	Höllinz	2019010520TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	16
252.	HÖLLINZ	Malaysia	Höllinz	2019010521TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	21
253.	HÖLLINZ	Malaysia	Höllinz	2019010506TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	29
254.	HÖLLINZ	Malaysia	Höllinz	2019010507TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	30
255.	HÖLLINZ	Malaysia	Höllinz	2019010508TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	31
256.	HÖLLINZ	Malaysia	Höllinz	2019010510TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	34
257.	HÖLLINZ	Malaysia	Höllinz	2019010511TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	44

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
258.	HÖLLINZ	Malaysia	Höllinz	2019010517TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	5
259.	HÖLLINZ	Malaysia	Höllinz	2019010509TM	22/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	32
260.	HÖLLINZ	The Republic of Kazakhstan	Höllinz	69398	19/02/1441H (corresponding to 18/10/2019G)	10/06/1451H (corresponding to 18/10/2029G)	5.44
261.	HÖLLINZ	Argentine	Höllinz	3053917	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	3
262.	HÖLLINZ	Argentine	Höllinz	3787922	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	5
263.	HÖLLINZ	Argentine	Höllinz	3053918	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	8
264.	HÖLLINZ	Argentine	Höllinz	3053919	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	16
265.	HÖLLINZ	Argentine	Höllinz	3287926	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	29
266.	HÖLLINZ	Argentine	Höllinz	3787927	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	30
267.	HÖLLINZ	Argentine	Höllinz	3053920	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	31
268.	HÖLLINZ	Argentine	Höllinz	3053921	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	32
269.	HÖLLINZ	Argentine	Höllinz	3053922	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	43
270.	HÖLLINZ	Argentine	Höllinz	3053923	15/07/1440H (corresponding to 22/03/2019G)	18/09/1451H (corresponding to 22/01/2030G)	44
271.	HÖLLINZ	Brazil	Höllinz	916984320	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	3
272.	HÖLLINZ	Brazil	Höllinz	916984362	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	5
273.	HÖLLINZ	Brazil	Höllinz	916984389	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	8
274.	HÖLLINZ	Brazil	Höllinz	91698441	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	16
275.	HÖLLINZ	Brazil	Höllinz	916984451	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	29
276.	HÖLLINZ	Brazil	Höllinz	916984460	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	30

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277.	HÖLLINZ	Brazil	Höllinz	916984516	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	31
278.	HÖLLINZ	Brazil	Höllinz	916984575	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	32
279.	HÖLLINZ	Brazil	Höllinz	91698421	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	43
280.	HÖLLINZ	Brazil	Höllinz	916984630	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	44
281.	HÖLLINZ	Brazil	Höllinz	916984435	19/07/1440H (corresponding to 26/03/2019G)	12/07/1451H (corresponding to 19/11/2029G)	21
282.	HÖLLINZ	Pakistan	Höllinz	529719	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	3
283.	HÖLLINZ	Pakistan	Höllinz	529720	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	5
284.	HÖLLINZ	Pakistan	Höllinz	529721	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	8
285.	HÖLLINZ	Pakistan	Höllinz	529724	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	29
286.	HÖLLINZ	Pakistan	Höllinz	529725	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	30
287.	HÖLLINZ	Pakistan	Höllinz	529726	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	31
288.	HÖLLINZ	Pakistan	Höllinz	529727	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	32
289.	HÖLLINZ	Pakistan	Höllinz	529728	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	43
290.	HÖLLINZ	Pakistan	Höllinz	529729	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	44
291.	HÖLLINZ	Turkmenistan	Höllinz	16769	22/02/1441H (corresponding to 21/10/2019G)	13/06/1451H (corresponding to 21/10/2029G)	5.44
292.	HÖLLINZ	Bahrain	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 27/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
293.	Well Miel	Bahrain	Höllinz	132567	24/11/1442H (corresponding to 04/07/2021G)	14/03/1453H (corresponding to 07/04/2031G)	5
294.	Well Miel	Bahrain	Höllinz	132568	24/11/1442H (corresponding to 04/07/2021G)	14/03/1453H (corresponding to 07/04/2031G)	30

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295.	Well Miel	Bahrain	Höllinz	132569	24/11/1442H (corresponding to 04/07/2021G)	14/03/1453H (corresponding to 07/04/2031G)	35
296.	HOLFLEX	Bahrain	Höllinz	131121	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	5
297.	HOLFLEX	Bahrain	Höllinz	131122	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	28
298.	HOLFLEX	Bahrain	Höllinz	131123	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	35
299.	N	Bahrain	Höllinz	131124	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	3
300.	N	Bahrain	Höllinz	131125	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	5
301.	N	Bahrain	Höllinz	131126	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	35
302.	clarity	Bahrain	Höllinz	131128	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	5
303.	clarity	Bahrain	Höllinz	131129	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	10
304.	clarity	Bahrain	Höllinz	1311130	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	35
305.		Bahrain	Höllinz	1311132	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	3
306.		Bahrain	Höllinz	131133	12/06/1442H (corresponding to 25/01/2021G)	02/10/1452H (corresponding to 25/01/2031G)	35
307.	HOLLAID	Bahrain	Höllinz	132563	24/11/1442H (corresponding to 04/07/2021G)	14/03/1453H (corresponding to 07/04/2031G)	3
308.	HOLLAID	Bahrain	Höllinz	132564	24/11/1442H (corresponding to 04/07/2021G)	14/03/1453H (corresponding to 07/04/2031G)	5
309.	HOLLAID	Bahrain	Höllinz	132565	24/11/1442H (corresponding to 04/07/2021G)	14/03/1453H (corresponding to 07/04/2031G)	10
310.	HOLLAID	Bahrain	Höllinz	132566	24/11/1442H (corresponding to 04/07/2021G)	14/03/1453H (corresponding to 07/04/2031G)	35
311.	HÖLLINZ	Bahrain	Höllinz	131995	22/09/1442H (corresponding to 04/05/2021G)	12/01/1453H (corresponding to 05/04/2031G)	35

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312.	HÖLLINZ	Russia	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
313.	HÖLLINZ	China	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
314.	HÖLLINZ	India	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
315.	HÖLLINZ	Iran	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
316.	HÖLLINZ	Sudan	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 27/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
317.	HÖLLINZ	Sudan	Höllinz	981/1347008001	21/07/1437H (corresponding to 28/04/2016G)	15/12/1450H (corresponding to 29/04/2029G)	44,43,32,31,30, 29,21,16,8,5.3
318.	HÖLLINZ	Indonesia	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
319.	HÖLLINZ	Indonesia	Höllinz	981/1347008001	21/07/1437H (corresponding to 28/04/2016G)	15/12/1450H (corresponding to 29/04/2029G)	44,43,32,31,30, 29,21,16,8,5.3
320.	HÖLLINZ	Turkey	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
321.	HÖLLINZ	Turkey	Höllinz	981/1347008001	21/07/1437H (corresponding to 28/04/2016G)	15/12/1450H (corresponding to 29/04/2029G)	44,43,32,31,30 ,29,21,16,8,5,3
322.	HÖLLINZ	European Union	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
323.	HÖLLINZ	European Union	Höllinz	018463775	17/09/1443H (corresponding to 29/04/2021G)	07/01/1453H (corresponding to 04/29/2031G)	35
324.	HÖLLINZ	Oman	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 27/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
325.	HÖLLINZ	Oman	Höllinz	145624	22/09/1442H (corresponding to 04/05/2021G)	12/01/1453H (corresponding to 05/04/2031G)	35
326.	HOLFLEX	Oman	Höllinz	142788	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	5
327.	HOLFLEX	Oman	Höllinz	142790	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	28
328.	HOLFLEX	Oman	Höllinz	142791	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	35
329.	N	Oman	Höllinz	142792	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	3
330.	N	Oman	Höllinz	142793	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	5

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331.		Oman	Höllinz	142794	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	35
332.	clarity	Oman	Höllinz	142795	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	5
333.	clarity	Oman	Höllinz	142796	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	10
334.	clarity	Oman	Höllinz	142797	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	35
335.		Oman	Höllinz	142798	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	3
336.		Oman	Höllinz	142807	11/06/1442H (corresponding to 24/01/2021G)	01/10/1452H (corresponding to 24/01/2031G)	35
337.	HÖLLINZ	Syria	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
338.	HÖLLINZ	Tunisia	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
339.	HÖLLINZ	USA	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
340.	HÖLLINZ	Algeria	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
341.	HÖLLINZ	Egypt	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
342.	HÖLLINZ	Kenya	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
343.	HÖLLINZ	Morocco	Höllinz	1307103	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	3, 5, 8, 16, 21, 29, 30, 31, 32, 43, 44
344.	RÖNZAC	Kingdom of Saudi Arabia	Rönzac	1437022337	07/10/1437H (corresponding to 13/07/2016G)	07/10/1447H (corresponding to 23/03/2026G)	5
345.	RÖNZAC	Kingdom of Saudi Arabia	Rönzac	1437022338	07/10/1437H (corresponding to 13/07/2016G)	07/11/1447H (corresponding to 23/03/2026G)	44
346.	EFFE-RONZ	Kingdom of Saudi Arabia	Rönzac	1442027619	29/08/1442H (corresponding to 11/04/2021G)	28/08/1452H (corresponding to 18/12/2030G)	5
347.	EFFE-RONZ	Kingdom of Saudi Arabia	Rönzac	1442027622	29/08/1442H (corresponding to 11/04/2021G)	28/08/1452H (corresponding to 18/12/2030G)	35

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348.	EFFE-RONZ	Kingdom of Saudi Arabia	Rönzac	1442027623	29/08/1442H (corresponding to 11/04/2021G)	28/08/1452H (corresponding to 18/12/2030G)	44
349.	Rönzavit	Kingdom of Saudi Arabia	Rönzac	1442027616	29/08/1442H (corresponding to 11/04/2021G)	28/08/1452H (corresponding to 18/12/2030G)	5
350.	Rönzavit	Kingdom of Saudi Arabia	Rönzac	1442027617	29/08/1442H (corresponding to 11/04/2021G)	28/08/1452H (corresponding to 18/12/2030G)	35
351.	Rönzavit	Kingdom of Saudi Arabia	Rönzac	1442027618	29/08/1442H (corresponding to 11/04/2021G)	28/08/1452H (corresponding to 18/12/2030G)	44
352.		Kingdom of Saudi Arabia	Rönzac	1442005995	24/02/1442H (corresponding to 11/10/2020G)	17/02/1452H (corresponding to 19/06/2030G)	35
353.		Kingdom of Saudi Arabia	Rönzac	1442005997	24/02/1442H (corresponding to 11/10/2020G)	17/02/1452H (corresponding to 19/06/2030G)	44
354.		Kingdom of Saudi Arabia	Rönzac	1442005993	24/02/1442H (corresponding to 11/10/2020G)	17/02/1452H (corresponding to 19/06/2030G)	3
355.		Kingdom of Saudi Arabia	Rönzac	1442005967	24/02/1442H (corresponding to 11/10/2020G)	17/02/1452H (corresponding to 19/06/2030G)	35
356.		Kingdom of Saudi Arabia	Rönzac	1442005968	24/02/1442H (corresponding to 11/10/2020G)	17/02/1452H (corresponding to 19/06/2030G)	44
357.		Kingdom of Saudi Arabia	Rönzac	1442005966	24/02/1442H (corresponding to 11/10/2020G)	17/02/1452H (corresponding to 19/06/2030G)	3
358.		Kingdom of Saudi Arabia	Rönzac	1443005970	24/02/1442H (corresponding to 11/10/2020G)	17/02/1452H (corresponding to 19/06/2030G)	35
359.		Kingdom of Saudi Arabia	Rönzac	1443005971	24/02/1442H (corresponding to 11/10/2020G)	17/02/1452H (corresponding to 19/06/2030G)	44
360.		Kingdom of Saudi Arabia	Rönzac	1443005969	24/02/1442H (corresponding to 11/10/2020G)	17/02/1452H (corresponding to 19/06/2030G)	3
361.		Kingdom of Saudi Arabia	Rönzac	1441016263	05/06/1441H (corresponding to 20/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	35
362.		Kingdom of Saudi Arabia	Rönzac	1441016262	05/06/1441H (corresponding to 20/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	5

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363.		Kingdom of Saudi Arabia	Rönzac	1441018265	05/06/1441H (corresponding to 20/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44
364.	RONOSE	Kingdom of Saudi Arabia	Rönzac	14400202647	11/08/1440H (corresponding to 16/04/2019G)	10/08/1450H (corresponding to 21/12/2028G)	5
365.	RONOSE	Kingdom of Saudi Arabia	Rönzac	14400202648	11/08/1440H (corresponding to 16/04/2019G)	10/08/1450H (corresponding to 21/12/2028G)	44
366.	RONOSE	Kingdom of Saudi Arabia	Rönzac	14400202646	11/08/1440H (corresponding to 16/04/2019G)	10/08/1450H (corresponding to 21/12/2028G)	4
367.		Kingdom of Saudi Arabia	Rönzac	1441016325	05/06/1441H (corresponding to 30/01/2020G)	04/06/1441H (corresponding to 07/10/2029G)	35
368.		Kingdom of Saudi Arabia	Rönzac	1441016327	05/06/1441H (corresponding to 30/01/2020G)	04/06/1441H (corresponding to 07/10/2029G)	44
369.		Kingdom of Saudi Arabia	Rönzac	1441016324	05/06/1441H (corresponding to 30/01/2020G)	04/06/1441H (corresponding to 07/10/2029G)	5
370.		Kingdom of Saudi Arabia	Rönzac	1442006041	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
371.		Kingdom of Saudi Arabia	Rönzac	1442006042	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
372.		Kingdom of Saudi Arabia	Rönzac	1442006040	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
373.		Kingdom of Saudi Arabia	Rönzac	1441016274	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44
374.		Kingdom of Saudi Arabia	Rönzac	1441016273	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	35
375.		Kingdom of Saudi Arabia	Rönzac	1441016272	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	5
376.		Kingdom of Saudi Arabia	Rönzac	1442005912	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
377.		Kingdom of Saudi Arabia	Rönzac	1442005911	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
378.		Kingdom of Saudi Arabia	Rönzac	1442005913	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
379.	Sinowell FCT	Kingdom of Saudi Arabia	Rönzac	1442006006	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
380.	Sinowell FCT	Kingdom of Saudi Arabia	Rönzac	1442006009	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
381.	Sinowell FCT	Kingdom of Saudi Arabia	Rönzac	1442006003	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
382.	Ronchel Capsule Soft	Kingdom of Saudi Arabia	Rönzac	1442006000	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
383.	Ronchel Capsule Soft	Kingdom of Saudi Arabia	Rönzac	1442006002	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
384.	Ronchel Capsule Soft	Kingdom of Saudi Arabia	Rönzac	1442006998	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
385.		Kingdom of Saudi Arabia	Rönzac	1441016269	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	35
386.		Kingdom of Saudi Arabia	Rönzac	1441016267	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	5
387.		Kingdom of Saudi Arabia	Rönzac	1441016261	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44
388.		Kingdom of Saudi Arabia	Rönzac	1441016333	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	35
389.		Kingdom of Saudi Arabia	Rönzac	1441016334	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44
390.		Kingdom of Saudi Arabia	Rönzac	1441016331	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	5
391.	Tenswell Capsules	Kingdom of Saudi Arabia	Rönzac	1442006049	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
392.	Tenswell Capsules	Kingdom of Saudi Arabia	Rönzac	1442006042	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
393.	Tenswell Capsules	Kingdom of Saudi Arabia	Rönzac	1442006051	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
394.		Kingdom of Saudi Arabia	Rönzac	1442005984	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
395.		Kingdom of Saudi Arabia	Rönzac	1442005986	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
396.		Kingdom of Saudi Arabia	Rönzac	1442005983	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
397.		Kingdom of Saudi Arabia	Rönzac	1441016254	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	35
398.		Kingdom of Saudi Arabia	Rönzac	1441016253	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	5
399.		Kingdom of Saudi Arabia	Rönzac	1441016258	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44
400.		Kingdom of Saudi Arabia	Rönzac	1442005974	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
401.		Kingdom of Saudi Arabia	Rönzac	1442005975	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
402.		Kingdom of Saudi Arabia	Rönzac	1442005972	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
403.		Kingdom of Saudi Arabia	Rönzac	1442005978	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
404.		Kingdom of Saudi Arabia	Rönzac	1442005977	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
405.		Kingdom of Saudi Arabia	Rönzac	1442005979	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
406.		Kingdom of Saudi Arabia	Rönzac	1442005916	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
407.		Kingdom of Saudi Arabia	Rönzac	1442005918	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
408.		Kingdom of Saudi Arabia	Rönzac	1442005915	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
409.		Kingdom of Saudi Arabia	Rönzac	1439011037	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	5

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
410.		Kingdom of Saudi Arabia	Rönzac	1439011044	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	35
411.		Kingdom of Saudi Arabia	Rönzac	1439011045	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	44
412.		Kingdom of Saudi Arabia	Rönzac	1439011047	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	5
413.		Kingdom of Saudi Arabia	Rönzac	1439011048	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	35
414.		Kingdom of Saudi Arabia	Rönzac	1439011050	0514/0605/1441H (corresponding to 3031/01/2020G)	13/05/1449H (corresponding to 13/10/2027G)	44
415.		Kingdom of Saudi Arabia	Rönzac	1439015884	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
416.		Kingdom of Saudi Arabia	Rönzac	1439015885	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
417.		Kingdom of Saudi Arabia	Rönzac	1439015886	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	44
418.		Kingdom of Saudi Arabia	Rönzac	1439015914	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	44
419.		Kingdom of Saudi Arabia	Rönzac	1439015912	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
420.		Kingdom of Saudi Arabia	Rönzac	1439015913	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
421.		Kingdom of Saudi Arabia	Rönzac	1439011051	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	5
422.		Kingdom of Saudi Arabia	Rönzac	1439011052	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	35
423.		Kingdom of Saudi Arabia	Rönzac	1439011055	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	44
424.		Kingdom of Saudi Arabia	Rönzac	1439015892	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 08/12/2027G)	5
425.		Kingdom of Saudi Arabia	Rönzac	1439015893	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 08/12/2027G)	35
426.		Kingdom of Saudi Arabia	Rönzac	1439015895	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 08/12/2027G)	44
427.		Kingdom of Saudi Arabia	Rönzac	1439013148	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 03/11/2027G)	5

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428.		Kingdom of Saudi Arabia	Rönzac	1439013149	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 03/11/2027G)	35
429.		Kingdom of Saudi Arabia	Rönzac	1439013150	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 03/11/2027G)	44
430.		Kingdom of Saudi Arabia	Rönzac	1439013151	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 03/11/2027G)	5
431.		Kingdom of Saudi Arabia	Rönzac	1439013154	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 03/11/2027G)	35
432.		Kingdom of Saudi Arabia	Rönzac	1439013155	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 03/11/2027G)	44
433.		Kingdom of Saudi Arabia	Rönzac	1439013158	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 03/11/2027G)	5
434.		Kingdom of Saudi Arabia	Rönzac	1439013161	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 03/11/2027G)	35
435.		Kingdom of Saudi Arabia	Rönzac	1439013162	10/06/1439H (corresponding to 26/02/2018G)	09/06/1449H (corresponding to 03/11/2027G)	44
436.		Kingdom of Saudi Arabia	Rönzac	1439015881	= 11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
437.		Kingdom of Saudi Arabia	Rönzac	1439015883	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	44
438.		Kingdom of Saudi Arabia	Rönzac	1439015882	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
439.		Kingdom of Saudi Arabia	Rönzac	1439015899	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	44
440.		Kingdom of Saudi Arabia	Rönzac	1439015898	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
441.		Kingdom of Saudi Arabia	Rönzac	1439015896	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
442.		Kingdom of Saudi Arabia	Rönzac	1439011057	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	5
443.		Kingdom of Saudi Arabia	Rönzac	1439011059	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	44
444.		Kingdom of Saudi Arabia	Rönzac	1439011058	14/05/1439H (corresponding to 31/0401/2018G)	13/05/1449H (corresponding to 13/10/2027G))	35

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445.		Kingdom of Saudi Arabia	Rönzac	1439011060	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	5
446.		Kingdom of Saudi Arabia	Rönzac	1439011062	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	35
447.		Kingdom of Saudi Arabia	Rönzac	1439011063	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	44
448.	SAMBUNE ساميون	Kingdom of Saudi Arabia	Rönzac	1439011073	14/05/1439H (corresponding to 31/01/2018G))	13/05/1449H (corresponding to 13/10/2027G)	5
449.	SAMBUNE ساميون	Kingdom of Saudi Arabia	Rönzac	1439011075	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	35
450.	SAMBUNE ساميون	Kingdom of Saudi Arabia	Rönzac	1439011076	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	44
451.		Kingdom of Saudi Arabia	Rönzac	1439011064	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	5
452.		Kingdom of Saudi Arabia	Rönzac	1439011065	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	35
453.		Kingdom of Saudi Arabia	Rönzac	1439011066	14/05/1439H (corresponding to 31/01/2018G)	13/05/1449H (corresponding to 13/10/2027G)	44
454.		Kingdom of Saudi Arabia	Rönzac	1439015878	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
455.		Kingdom of Saudi Arabia	Rönzac	1439015879	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
456.		Kingdom of Saudi Arabia	Rönzac	1439015880	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	44
457.		Kingdom of Saudi Arabia	Rönzac	1439015876	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
458.		Kingdom of Saudi Arabia	Rönzac	1439015875	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
459.		Kingdom of Saudi Arabia	Rönzac	1439015877	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	44
460.		Kingdom of Saudi Arabia	Rönzac	1439015911	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	44
461.		Kingdom of Saudi Arabia	Rönzac	1439015910	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	35
462.		Kingdom of Saudi Arabia	Rönzac	1439015907	11/07/1439H (corresponding to 28/03/2018G)	10/07/1449H (corresponding to 03/12/2027G)	5
463.		Kingdom of Saudi Arabia	Rönzac	1442005964	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
464.		Kingdom of Saudi Arabia	Rönzac	1442005965	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
465.		Kingdom of Saudi Arabia	Rönzac	1442005963	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
466.		Kingdom of Saudi Arabia	Rönzac	1442005956	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
467.		Kingdom of Saudi Arabia	Rönzac	1442005957	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
468.		Kingdom of Saudi Arabia	Rönzac	1442005955	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
469.		Kingdom of Saudi Arabia	Rönzac	1442006028	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
470.		Kingdom of Saudi Arabia	Rönzac	1442006025	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
471.		Kingdom of Saudi Arabia	Rönzac	1442006023	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
472.		Kingdom of Saudi Arabia	Rönzac	1442006019	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
473.		Kingdom of Saudi Arabia	Rönzac	1442006021	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
474.		Kingdom of Saudi Arabia	Rönzac	1442006015	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
475.		Kingdom of Saudi Arabia	Rönzac	1441016337	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	35

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476.		Kingdom of Saudi Arabia	Rönzac	1441016338	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44
477.		Kingdom of Saudi Arabia	Rönzac	1441016336	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	5
478.	Arthor	Kingdom of Saudi Arabia	Rönzac	1442005988	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
479.	Arthor	Kingdom of Saudi Arabia	Rönzac	1442005991	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
480.	Arthor	Kingdom of Saudi Arabia	Rönzac	1442005987	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
481.		Kingdom of Saudi Arabia	Rönzac	1442005953	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
482.		Kingdom of Saudi Arabia	Rönzac	1442005954	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
483.		Kingdom of Saudi Arabia	Rönzac	1442005952	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
484.	marvelous	Kingdom of Saudi Arabia	Rönzac	1441016310	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	35
485.	marvelous	Kingdom of Saudi Arabia	Rönzac	1441016311	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44
486.	marvelous	Kingdom of Saudi Arabia	Rönzac	1441016309	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	5
487.		Kingdom of Saudi Arabia	Rönzac	1442005961	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	35
488.		Kingdom of Saudi Arabia	Rönzac	1442005961	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	44
489.		Kingdom of Saudi Arabia	Rönzac	1441016251	24/02/1442H (corresponding to 11/10/2020G)	24/02/1452H (corresponding to 26/06/2030G)	3
490.		Kingdom of Saudi Arabia	Rönzac	1441016250	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44
491.		Kingdom of Saudi Arabia	Rönzac	1441016250	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	35
492.		Kingdom of Saudi Arabia	Rönzac	1441016248	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	5
493.	RÖNZAC	Malaysia	Rönzac	2019010516	19/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	44

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494.	RÖNZAC	Malaysia	Rönzac	2019010515	19/07/1440H (corresponding to 26/03/2019G)	11/11/1450H (corresponding to 26/03/2029G)	5
495.	RÖNZAC	Pakistan	Rönzac	529730	26/07/1440H (corresponding to 02/04/2019G)	18/11/1450H (corresponding to 02/04/2029G)	44
496.	RÖNZAC	Nigeria	Rönzac	33675	21/07/1437H (corresponding to 28/04/2016G)	08/10/1444H (corresponding to 28/04/2023G)	5
497.	RÖNZAC	Nigeria	Rönzac	33674	21/07/1437H (corresponding to 28/04/2016G)	08/10/1444H (corresponding to 28/04/2023G)	44
498.	RÖNZAC	Brazil	Rönzac	916984710	19/07/1440H (corresponding to 26/03/2019G)	18/08/1451H (corresponding to 24/12/2029G)	44
499.	RÖNZAC	Uzbekistan	Rönzac	38528	19/02/1441H (corresponding to 18/10/2019G)	10/06/1451H (corresponding to 18/10/2029G)	3,5,8,16,21.29, 30,31,32,43,44,
500.	RÖNZAC	Kyrgyzstan	Rönzac	16915	22/02/1441H (corresponding to 21/10/2019G)	13/06/1452H (corresponding to 21/10/2029G)	3,5,8,16,21, 29,30,31,32, 43, 44
501.	RÖNZAC	Turkmenistan	Rönzac	16747	22/02/1441H (corresponding to 21/10/2019G)	13/06/1452H (corresponding to 2/10/2029G)	3,5,8,16,21,29, 30,31,32,43,44
502.	RÖNZAC	New Zealand	Rönzac	1177150	14/09/1442H (corresponding to 26/04/2021G)	13/06/1452H (corresponding to 21/10/2029G)	44,35,5
503.	RÖNZAC	South of Africa	Rönzac	2016/11683	22/07/1437H (corresponding to 29/04/2016G)	10/07/1453H (corresponding to 04/27/2031G)	5
504.	RÖNZAC	South of Africa	Rönzac	2016/11689	22/07/1437H (corresponding to 29/04/2016G)	12/11/1447H (corresponding to 29/04/2026G)	44
505.	RÖNZAC	Kuwait	Rönzac	149274	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44
506.	RÖNZAC	Kuwait	Rönzac	153899	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	5
507.	RÖNZAC	Qatar	Rönzac	105718	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	42
508.	RÖNZAC	Qatar	Rönzac	105717	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	5
509.	RÖNZAC	Yemen	Rönzac	74502	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 30/04/2026G)	44

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
510.	RÖNZAC	Yemen	Rönzac	74506	23/07/1437H (corresponding to 30/04/2016G)	13/11/1447H (corresponding to 30/04/2026G)	5
511.	RÖNZAC	Jordan	Rönzac	147789	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44
512.	RÖNZAC	Jordan	Rönzac	147790	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	5
513.	RÖNZAC	The Republic of Kazakhstan	Rönzac	93254	19/12/1441H (corresponding to 18/10/2019G)	10/06/1451H (corresponding to 18/10/2029G)	3.5.8.16.21.29. 30.31.32.43.44
514.	RÖNZAC	Lebanon	Rönzac	173970	23/07/1437H (corresponding to 30/04/2016G)	08/01/1453H (corresponding to 04/30/2031G)	5, 44
515.	RÖNZAC	UAE	Rönzac	256618	09/10/1437H (corresponding to 14/07/2016G)	29/01/1448H (corresponding to 14/07/2026G)	5
516.	RÖNZAC	UAE	Rönzac	256619	09/10/1437H (corresponding to 14/07/2016G)	29/01/1453H (corresponding to 14/07/2026G)	44
517.	RÖNZAC	Germany	Rönzac	302015057630	17/01/1437H (corresponding to 10/30/2015G)	09/05/1447H (corresponding to 31/10/2025G)	44.5
518.	marvelous	Germany	Rönzac	302015057630	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44,35,5
519.		Germany	Rönzac	302015057630	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44,35,5
520.		Germany	Rönzac	302015057630	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44,35,5
521.		Germany	Rönzac	302015057630	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44,35,5
522.		Germany	Rönzac	302015057630	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44,35,5
523.		Germany	Rönzac	302015057630	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44,35,5
524.		Germany	Rönzac	302020101229	05/06/1441H (corresponding to 30/01/2020G)	04/06/1451H (corresponding to 07/10/2029G)	44,35,5
525.	Rönzavit رونزافيت	Germany	Rönzac	302021106224	27/08/1442H (corresponding to 09/04/2021G)	17/12/1452H (corresponding to 09/04/2031G)	44,35,5
526.	RÖNZAC	Canada	Rönzac	122468TMA	21/07/1437H (corresponding to 27/04/2016G)	06/03/1456H (corresponding to 24/05/2034G)	5.44

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
527.	RÖNZAC	Bahrain	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
528.	RÖNZAC	Russia	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
529.	RÖNZAC	China	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
530.	RÖNZAC	India	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
531.	RÖNZAC	Iran	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
532.	RÖNZAC	Sudan	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
533.	RÖNZAC	Indonesia	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
534.	RÖNZAC	Turkey	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
535.	RÖNZAC	European Union	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
536.	EFFE-RONZ إيفي - رونز	European Union	Rönzac	18448885	26/08/1442H (corresponding to 08/04/2021G)	16/12/1452H (corresponding to 08/04/2031G)	5, 35, 44
537.	RÖNZAC	Oman	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
538.	RÖNZAC	Syria	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
539.	RÖNZAC	Tunisia	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
540.	RÖNZAC	USA	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
541.	RÖNZAC	Algeria	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5

#	Trademark	Country of Registration	Owner	Registration No.	Protection Commencement Date	Protection Expiry Date	Category
542.	RÖNZAC	Egypt	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
543.	RÖNZAC	Kenya	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
544.	RÖNZAC	Morocco	Rönzac	1305264	21/07/1437H (corresponding to 28/04/2016G)	11/11/1447H (corresponding to 28/04/2026G)	44.5
545.	GLÄNZZEN	Kingdom of Saudi Arabia	Gallanzin	1442038679	19/12/1442H (corresponding to 29/07/2021G)	13/12/1452H (corresponding to 05/04/2031G)	35

Source: The Company

It should be noted that Rönzac and Höllinz have the right to use a number of trademarks in several countries, which are still under registration by Rönzac and Höllinz. The following table shows the key particulars of the trademarks registered:

Table (12-15): The Key Particulars of the Trademarks Registered by the Company and its Subsidiaries

#	Trademark	Country of Registration	Owner	Category
1.	الدواء	Qatar	The Company	35
2.	الدواء	Egypt	The Company	35
3.	RÖNZAC	Malaysia	Rönzac	5
4.	RÖNZAC	Brazil	Rönzac	5
5.	RÖNZAC	Pakistan	Rönzac	5
6.	RÖNZAC	Libya	Rönzac	5.44
7.	RÖNZAC	Argentina	Rönzac	5.44
8.	RÖNZAC	Iraq	Rönzac	5.44
9.	RÖNZAC	Tajikistan	Rönzac	5.44
10.	RÖNZAC	Ethiopia	Rönzac	3,5,8,16,21,29,30,31,32,43,44
11.	RÖNZAC	Japan	Rönzac	44,35,5

#	Trademark	Country of Registration	Owner	Category
12.	RÖNZAC	Australia	Rönzac	44,35,5
13.	RÖNZAC	Mexico	Rönzac	44,35,5
14.	RÖNZAC	United kingdom	Rönzac	44,35,5
15.		China	Rönzac	44,35,5
16.		Germany	Rönzac	44,35,5
17.		European Union	Rönzac	44,35,5
18.		Jordan	Rönzac	44,35,5
19.		Egypt	Rönzac	44,35,5
20.		UAE	Rönzac	44,35,5
21.		Kuwait	Rönzac	44,35,5
22.		Oman	Rönzac	44,35,5
23.		Lebanon	Rönzac	44,35,5
24.		China	Rönzac	4,5,44
25.		Germany	Rönzac	4,5,44
26.		European Union	Rönzac	4,5,44
27.		Jordan	Rönzac	4,5,44
28.		Egypt	Rönzac	4,5,44
29.		UAE	Rönzac	4,5,44
30.		Kuwait	Rönzac	4,5,44
31.		Oman	Rönzac	4,5,44

#	Trademark	Country of Registration	Owner	Category
32.		Lebanon	Rönzac	4,5,44
33.	RONOSE	China	Rönzac	44,35,5
34.	RONOSE	Germany	Rönzac	44,35,5
35.	RONOSE	European Union	Rönzac	44,35,5
36.	RONOSE	Jordan	Rönzac	44,35,5
37.	RONOSE	Egypt	Rönzac	44,35,5
38.	RONOSE	UAE	Rönzac	44,35,5
39.	RONOSE	Kuwait	Rönzac	44,35,5
40.	RONOSE	Oman	Rönzac	44,35,5
41.	RONOSE	Lebanon	Rönzac	44,35,5
42.	EFFE-RONZ	China	Rönzac	44,35,5
43.	EFFE-RONZ	Germany	Rönzac	44,35,5
44.	EFFE-RONZ	Jordan	Rönzac	44,35,5
45.	EFFE-RONZ	Egypt	Rönzac	44,35,5
46.	EFFE-RONZ	UAE	Rönzac	44,35,5
47.	EFFE-RONZ	Kuwait	Rönzac	44,35,5
48.	EFFE-RONZ	Oman	Rönzac	44,35,5
49.	EFFE-RONZ	Lebanon	Rönzac	44,35,5
50.	EFFE-RONZ	Balkaria	Rönzac	44,35,5
51.	Rönzavit	China	Rönzac	44,35,5
52.	Rönzavit	European Union	Rönzac	44,35,5
53.	Rönzavit	Jordan	Rönzac	44,35,5
54.	Rönzavit	Egypt	Rönzac	44,35,5
55.	Rönzavit	UAE	Rönzac	44,35,5
56.	Rönzavit	Kuwait	Rönzac	44,35,5
57.	Rönzavit	Oman	Rönzac	44,35,5

#	Trademark	Country of Registration	Owner	Category
58.	Rönzavit رونزافيت	Lebanon	Rönzac	44,35,5
59.	Ron-Gum	Kingdom of Saudi Arabia	Rönzac	44,35,5
60.	Ron-Gum	China	Rönzac	44,35,5
61.	Ron-Gum	Germany	Rönzac	44,35,5
62.	Ron-Gum	European Union	Rönzac	44,35,5
63.	Ron-Gum	Jordan	Rönzac	44,35,5
64.	Ron-Gum	Egypt	Rönzac	44,35,5
65.	Ron-Gum	UAE	Rönzac	44,35,5
66.	Ron-Gum	Kuwait	Rönzac	44,35,5
67.	Ron-Gum	Oman	Rönzac	44,35,5
68.	Ron-Gum	Lebanon	Rönzac	44,35,5
69.	C-Ronz	Kingdom of Saudi Arabia	Rönzac	44,35,5
70.	C-Ronz	China	Rönzac	44,35,5
71.	C-Ronz	Germany	Rönzac	44,35,5
72.	C-Ronz	European Union	Rönzac	44,35,5
73.	C-Ronz	Jordan	Rönzac	44,35,5
74.	C-Ronz	Egypt	Rönzac	44,35,5
75.	C-Ronz	UAE	Rönzac	44,35,5
76.	C-Ronz	Kuwait	Rönzac	44,35,5
77.	C-Ronz	Oman	Rönzac	44,35,5
78.	C-Ronz	Lebanon	Rönzac	44,35,5
79.	RON Collagen	Kingdom of Saudi Arabia	Rönzac	44,35,5
80.	RON Collagen	China	Rönzac	44,35,5
81.	RON Collagen	Germany	Rönzac	44,35,5
82.	RON Collagen	EU	Rönzac	44,35,5
83.	RON Collagen	Jordan	Rönzac	44,35,5
84.	RON Collagen	Egypt	Rönzac	44,35,5
85.	RON Collagen	UAE	Rönzac	44,35,5
86.	RON Collagen	Kuwait	Rönzac	44,35,5
87.	RON Collagen	Oman	Rönzac	44,35,5

#	Trademark	Country of Registration	Owner	Category
88.	RON Collagen	Lebanon	Rönzac	44,35,5
89.	GLÄNZZEN	UAE	Gallanzin	35
90.	HÖLLINZ	Nigeria	Höllinz	3, 5, 8, 16, 21, 29, 30, 31, 32
91.	EFFE-RONZ	Bulgaria	Rönzac	44,35,5
92.	Rönzavit رونزافيت	Egypt	Rönzac	44,35,5
93.	clarity	Lebanon	Höllinz	35,10,5
94.	clarity	Iraq	Höllinz	35,10,5
95.	clarity	Egypt	Höllinz	35,10,5
96.	clarity	Qatar	Höllinz	35,10,5
97.	Well Miel	Lebanon	Höllinz	35,30,5
98.	Well Miel	Iraq	Höllinz	35,30,5
99.	Well Miel	Egypt	Höllinz	35,30,5
100.	Well Miel	Kuwait	Höllinz	35,30,5
101.	Well Miel	Oman	Höllinz	35,30,5
102.	Well Miel	Qatar	Höllinz	35,30,5
103.	HOLFLEX	Lebanon	Höllinz	35,28,5
104.	HOLFLEX	Iraq	Höllinz	35,28,5
105.	HOLFLEX	Egypt	Höllinz	35,28,5

#	Trademark	Country of Registration	Owner	Category
106.	HOLFLEX	Qatar	Höllinz	35,28,5
107.		Lebanon	Höllinz	35,5,3
108.		Iraq	Höllinz	35,5,3
109.		Egypt	Höllinz	35,5,3
110.		Qatar	Höllinz	35,5,3
111.		Lebanon	Höllinz	35.3
112.		Iraq	Höllinz	35.3
113.		Egypt	Höllinz	35.3
114.		Qatar	Höllinz	35.3
115.		Lebanon	Höllinz	35,10,5,3
116.		Iraq	Höllinz	35,10,5,3
117.		Egypt	Höllinz	35,10,5,3
118.		Kuwait	Höllinz	35,10,5,3
119.		Oman	Höllinz	35,10,5,3
120.		Qatar	Höllinz	35,10,5,3
121.	HÖLLINZ	Qatar	Höllinz	35
122.	HÖLLINZ	Canada	Höllinz	3,5,8,16,21,29,30,31,32,43,44
123.	HÖLLINZ	Libya	Höllinz	3,5,8,16,21,29,30,31,32,43,44

#	Trademark	Country of Registration	Owner	Category
124.	HÖLLINZ	Iraq	Höllinz	3,5,8,16,21,29,30,31,32,43,44
125.	HÖLLINZ	Uzbekistan	Höllinz	5.44
126.	HÖLLINZ	Georgia	Höllinz	5.44
127.	HÖLLINZ	Ethiopia	Höllinz	5.44
128.	HÖLLINZ	Pakistan	Höllinz	5, 8, 16, 3, 21, 29, 30, 31,43,44

Source: The Company

12-9 Insurance

The Company and the Subsidiaries shall secure insurance policies covering different types of risks associated with its activities. The following table shows the key particulars of the insurance policies of the Company and its Subsidiaries:

Table (12-16): Insurance Policies of the Company and Its Subsidiaries

#	Type of Coverage	Insurer	The Insured	Policy No.	Expiry Date of Coverage	Insured Value / Maximum Compensation
1.	Motor - Comprehensive Commercial	Walaa	The Company	000039-300-20-1E	10/05/1443H (corresponding to 14/12/2021G)	SAR 10,000,000
2.	Marine insurance	Walaa	The Company	000029-300-21-1E	28/06/1443H (corresponding to 31/01/2022G)	SAR 1,200,000 per shipment/transport
3.	Marine insurance	Walaa	The Company	000018-100-21-1E	28/06/1443H (corresponding to 31/01/2022G)	SAR 2,000,000 per shipment/transport
4.	Money insurance	Walaa	The Company	000018-601-21-1E	28/06/1443H (corresponding to 31/01/2022G)	20,675,000
5.	All-risk property insurance	Walaa	The Company	000041-200-21-1E	28/06/1443H (corresponding to 31/01/2022G)	SAR 1,845,873,051
6.	Fidelity insurance	Walaa	The Company	000017-602-21-1E	28/06/1443H (corresponding to 31/01/2022G)	SAR 93,000,000

#	Type of Coverage	Insurer	The Insured	Policy No.	Expiry Date of Coverage	Insured Value / Maximum Compensation
7.	Health insurance for the employees	Tawuniya	The Company	19552725 19552721 19552733 19552736 19552754 19552780 19552782 19552785 19552788 19552789 19552791 19552796 19552845 195522848 19552850 19552852 19552854 19552857 19552862 19552864 19552866 19552867 19552868 19552871 19552872 19552873 19552875 19442877 19552879 19552881 19552882 19552885 29552887 19552888 19552890 19552899 19552891	29/09/1443H (corresponding to 30/04/2022G)	Value of the "**Super Cover**" Class: SAR 750,000 Value of Class A, B and C coverage: SAR 500,000.

Source: The Company

12-10 Litigation and Claims

Except as stated below, the Directors confirm that the Company and its Subsidiaries are not involved, as at the date of this Prospectus, in any lawsuit or claim (including any existing or threatened lawsuit) or any ongoing investigation that could materially affect the business or financial position of the Issuer and its Subsidiaries.

12-10-1 Litigation and Commercial Claims

The below table sets out a summary of the commercial litigation and claims filed by or against the Company as at the date of this Prospectus.

Table (12-17): Summary of the Litigation and Claims Filed By or Against the Company as at the Date of this Prospectus.

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
Lawsuits filed by the Company					
1.	The Company	Defendant 1	The Company filed a lawsuit against the defendant for not paying the amounts due	The hearing was set on 06//071443H (corresponding to 07/02/2022G)	124,473
2.	The Company	Defendant 2	The Company filed a lawsuit against the defendant for not paying the amounts due	The hearing was set on 08/05/1443H (corresponding to 12/12/2021G)	46,867
3.	The Company	Defendant 3	The Company filed a lawsuit against the defendant for not paying the amounts due	A hearing is being set for the claim	499,083
4.	The Company	Defendant 4	The Company filed a lawsuit against the defendant for not paying the amounts due	The case is still in the initial stages, and a date for the first hearing is to be determined by the court	47,416
5.	The Company	Defendant 5	The Company filed a lawsuit against the defendant for not paying the amounts due	A preliminary judgment was issued in favor of the Company for the full debt amount	121,927
6.	The Company	Defendant 6	The Company filed a lawsuit against the defendant for not paying the amounts due	The case is still in the initial stages, and a date for the first hearing is to be determined by the court	168,630
7.	The Company	Defendant 7	The Company filed a lawsuit against the defendant for not paying the amounts due	The hearing was set on 23//041443H (corresponding to 28/11/2021G)	57,811
8.	The Company	Defendant 8	The Company filed a lawsuit against the defendant for not paying the amounts due	The hearing will be set	52,240
9.	The Company	Defendant 9	The Company filed a lawsuit against the defendant for not paying the amounts due	The case is still in the initial stages, and a date for the hearing is to be determined by the court	28,923
10.	The Company	Defendant 10	The Company filed a lawsuit against the defendant for not paying the amounts due	The hearing was set on 02/06/1443H (corresponding to 05/01/2022G)	17,000
11.	The Company	Defendant 11	The Company filed a lawsuit against the defendant for not paying the amounts due	The hearing will be set	34,950
12.	The Company	Defendant 12	The Company filed a lawsuit against the defendant, claiming compensation for losses resulting from fraud	The lawsuit was dismissed by the court. Pending before the Court of Appeal. A date for the hearing is to be determined by the Court	1,363,381
13.	The Company	Defendant 13	The Company filed a lawsuit against the defendant for a financial claim	The hearing was set on 30/05/1443H (corresponding to 03/01/2022G)	41,398
14.	The Company	Defendant 14	The Company filed a lawsuit against the defendant, claiming compensation for losses resulting from fraud	The case is still in the initial stages, and a date for the hearing is to be determined by the court	365,098
15.	The Company	Defendant 15	The Company filed a lawsuit against the de-fendant for breach of a contractual obligation	A lawsuit was filed before the court. The hearing was set on 19/11/1442H (corresponding to 29/06/2021G), but the judge did not attend. No new date has been set for the hearing yet.	500,000

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
16.	The Company	Defendant 16	Claim for fees	The hearing was set on 13/04/1443H (corresponding to 18/11/2021G)	1,000,000
17.	The Company	Defendant 17	Claims related to business transactions	The hearing was set on 23/04/1443H (corresponding to 28/11/2021G)	283,903
18.	The Company	Defendant 18	Claims related to business transactions	The hearing was set on 18/05/1443H (corresponding to 22/12/2021G)	38,436
19.	The Company	Defendant 19	Claims related to business transactions	The hearing was set on 18/05/1443H (corresponding to 22/12/2021G)	998,493
20.	The Company	Defendant 20	Claims related to business transactions	The hearing will be set	44,185
21.	The Company	Defendant 21	Claims related to business transactions	The case is still in the initial stages, and a date for the first hearing is to be determined by the court	23,001
22.	The Company	Defendant 22	Claims related to business transactions	The case is still in the initial stages, and a date for the first hearing is to be determined by the court	17,436
23.	The Company	Defendant 23	Claims related to business transactions	The case is still in the initial stages, and a date for the first hearing is to be determined by the court	47,389
24.	The Company	Defendant 24	Claims related to business transactions	The case is still in the initial stages, and a date for the first hearing is to be determined by the court	78,742
25.	The Company	Defendant 25	Claims related to business transactions	The case is still in the initial stages, and a date for the first hearing is to be determined by the court	272,709
The total value of commercial claims filed by the Company					**6,273,491**
Lawsuits against the Company					
1.	Plaintiff 1	Platinum*	A claim for the amounts due in exchange for the completion of some works	A date for the next hearing is to be determined by the court	42,000
2.	Plaintiff 2	The Company	Claim for fees	The hearing was set on 25/05/1443H (corresponding to 29/12/2021G)	-**
3.	Plaintiff 3	The Company	Claim for fees	The hearing was set on 20/04/1443H (corresponding to 25/11/2021G)	-**
4.	Plaintiff 4	The Company	Claim for execution	The grievance is being filed	304,904
The total value of commercial claims against the Company					**346,904**

* The Company replaced the defendant as the lease was transferred to the Company

** As at the date of this Prospectus, the financial value of this claim is being determined.

Source: The Company

12-10-2 Litigation and Labor Claims

The below table sets out a summary of the commercial labor litigation and claims filed by or against the Company as at the date of this Prospectus.

Table (12-18): Summary of Labor Lawsuits and Claims Instituted By or Against the Company as at the Date of this Prospectus

#	Plaintiff	Defendant	Dispute Summary	Status	Value of Claim (SAR)
Lawsuits against the Company					
1.	Plaintiff 1	The Company	Labor dispute	A date for the hearing is to be determined by the court	-*
2.	Plaintiff 2	The Company	Labor dispute	A date for the hearing is to be determined by the court	-*
3.	Plaintiff 3	Platinum Medicine Pharmacy	Labor dispute	The hearing was set on 27/03/1443H (corresponding to 02/11/2021G)	-*
4.	Plaintiff 4	The Company	Labor dispute	The hearing was set on 27/03/1443H (corresponding to 02/11/2021G)	-*
5.	Plaintiff 5	The Company	Labor dispute	The hearing was set on 28/03/1443H (corresponding to 03/11/2021G)	-*
6.	Plaintiff 6	The Company	Labor dispute	The judgment was issued, whereby the Company is required to pay an amount of SAR 31,377 and the necessary appeal was lodged	31,377
7.	Plaintiff 7	The Company	Labor dispute	The case is still in the initial stages of electronic litigation. A date for the hearing is to be determined by the court	-*
8.	Plaintiff 8	The Company	Labor dispute	A date for the hearing is to be determined by the court	-*
9.	Plaintiff 9	The Company	Labor dispute	A date for the hearing is to be determined by the court	-*
10.	Plaintiff 10	The Company	Labor dispute	A date for the hearing is to be determined by the court	-*
The total value of labor claims filed against the Company					**31,377**

* As at the date of this Prospectus, the financial value of this claim is being determined.

Source: The Company

12-11 Description of the Rights of Shareholders

12-11-1 Voting Rights

Each Shareholder shall have one vote for every share represented by him in the Conversion Assembly, and each Shareholder shall have one vote for every share represented by him in the General Assemblies. Cumulative voting shall be used in electing the Board of Directors.

12-11-2 Rights to Dividends

A Shareholder shall be entitled to his share in the profits in accordance with a resolution adopted by Ordinary General Assembly as it shall set out the due date and distribution date. Shareholders who are registered in the Share Register at the end of due date shall have the priority over profits.

12-11-3 Rights of Recovery or Repurchase

The Company may purchase or pledge its shares in accordance with controls imposed by the competent authority. The shares purchased by the Company shall not entitle it to have votes in the Shareholders' Assemblies.

The Company may purchase its shares for the purpose of allocating them to its employees as part of the Employee Stock Ownership Plan in accordance with controls imposed by the competent authority. The Company may also sell treasury shares in one or several stages in accordance with controls laid down by the competent authority.

12-11-4 Rights to Surplus Assets upon Liquidation and Dissolution

Pursuant to Article 163 of the Companies Law, Shares shall entail equal rights to net profit and liquidation surplus, unless the Bylaws stipulate otherwise.

12-11-5 Approvals Necessary to Amend the Shareholders' Rights

The Company's Bylaws shall be amended to the effect that the Shareholders' rights and voting mechanism at the General Assemblies of the Company are modified. In accordance with Article 31 of the Company's Bylaws, the Bylaws may be amended by the Extraordinary General Assembly. The Extraordinary General Assembly shall be valid only if attended by Shareholders representing two thirds of the Company's Share capital. If this quorum is not met, a second meeting may be invited to be held one hour after the end of the period specified for the first meeting. The invitation to the first meeting shall maintain the possibility of holding a second one. In all cases, the second meeting shall be valid if attended by a number of Shareholders representing at least one quarter of the Company's Share capital. If the required quorum has not been provided in the second meeting, there shall be an invitation for the third meeting in accordance with Article 32 of the Company's Bylaws and the third meeting shall be deemed valid irrespective of the number of Shares represented therein upon the approval of the competent authority. Resolutions of the Extraordinary General Assembly on amendments to the Company's Articles of Association shall be adopted by a majority vote of two-thirds of the Shares represented at the meeting.

The rights of shareholders to receive a share in the Company's profits to be distributed, receive a share in the Company's assets upon liquidation, attend general and special assemblies and participate in deliberations and vote on resolutions, dispose of shares, access the Company's books and documents, monitor the acts of the Board of Directors, institute liability claims against the Directors and contest the validity of the resolutions adopted at general assemblies (in accordance with the conditions and restrictions set forth in the Companies Law and the Bylaws) are granted pursuant to the Companies' Law and, therefore, may not be changed. The Bylaws shall be amended in order to change the voting and quorum mechanism in the General Assemblies. The Bylaws may be amended only by a resolution of the Extraordinary General Assembly.

13- Underwriting

The Company, Selling Shareholders, and Underwriters (GIB Capital, Alinma Investment and ANB Invest) entered into an underwriting agreement on 07/23/1443H (corresponding to 02/24/2022G) (the "Underwriting Agreement"), pursuant to which the Underwriters have agreed, subject to certain conditions contained in the Underwriting Agreement, to fully underwrite the Offering of twenty-five million five hundred thousand (25,500,000) shares. The name and address of the Underwriters are set out below:

13-1 Names and Addresses of Joint Underwriters

GIB Capital
Granada Business Park, Building 1, 4th Floor
Eastern Ring Road
P.O. Box 89589
Riyadh 11692
Kingdom of Saudi Arabia
Tel: +966 11 5112200
Fax: +966 11 5112201
Website: www.gibcapital.com
Email: customercare@gibcapital.com

Alinma Investment Company
Al Anoud Tower 2
King Fahad Road
P.O. Box 55560, Riyadh 11544
Kingdom of Saudi Arabia
Tel: +966 11 2185555
Fax: +966 11 2185970
Website: www.alinmainvestment.com
Email: info@alinmainvest.com

ANB Invest
Arab Investment Company
Murabbaa District, Behind ANB Head Office
P.O. Box 220009, Riyadh 11311
Kingdom of Saudi Arabia
Tel: +966 11 40625000
Fax: +966 11 4062500
Website: www.anbinvest.com.sa
Email: customerservice@anbinvest.com.sa

13-2 Summary of Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

a) The Selling Shareholders undertake to the Underwriters that, on the first business day after allocation of the Offer Shares following the end of the Offering Period, they shall:

   1) Sell and allocate the Offer Shares to any Retail Investor or Participating Party whose application for Offer Shares has been accepted by the Receiving Entities.

   2) Sell and allocate to the Underwriters the Offer Shares that are not subscribed by Retail Investors or Participating Parties pursuant to the Offering.

b) The Underwriters undertake to the Selling Shareholders that it will purchase any Offer Shares that are not subscribed for by Retail Investors or Participating Parties, as set out below.

Table (13-1): Underwritten Shares

Underwriter	Number of Offer Shares Underwritten	Percentage of Offer Shares Underwritten
GIB Capital	8,894,400	34.88%
Alinma Investment Company	8,302,800	32.56%
ANB Invest	8,302,800	32.56%

Source: The Company

The Company and Selling Shareholders have committed to satisfy all the provisions of the Underwriting Agreement.

13-3 Underwriting Costs

The Selling Shareholders will pay to the Underwriters an underwriting fee based on the total value of the Offering. Moreover, the Selling Shareholders agreed on behalf of the Company to pay the Underwriter's costs and expenses in connection with the Offering.

14- Offering Expenses

Selling Shareholders shall bear all expenses and costs associated with the Offering, which are estimated at approximately thirty million Saudi Riyals (SAR 30,000,000). This figure includes the fees of each of the Financial Advisor, Underwriters, Lead Manager, Bookrunner, Legal Advisor and legal advisor to the Underwriters, Auditor, Market Consultant, in addition to the fees of the Receiving Entities, marketing, printing and distribution expenses, and other related expenses. The expenses will be deducted from the proceeds of the Offering, with the Company not bearing any costs associated with the Offering.

15- Company's Post-Listing Undertakings

Following listing, the Company undertakes to:

- Fill out Form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Provide the CMA with the date on which the first General Assembly will be held following listing so a representative may attend.
- Submit transactions and contracts in which a Director has a direct or indirect interest for authorization by General Assembly (in accordance with the Companies Law and Corporate Governance Regulations), provided that the interested Director shall be prohibited from voting on the relevant resolution, whether in the Board or the General Assembly.
- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Immediately after Listing, comply with all the articles of the Listing Rules in relation to the Company's continuing obligations.
- Immediately after Listing, call for a General Assembly meeting to update the Company's Bylaws.

Accordingly, following admission to the listing, the Directors undertake to:

- Record all resolutions and deliberations in written meeting minutes signed by the Chairman and Secretary.
- Disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations.

16- Waivers

The Company has not applied to the CMA for any waivers from any regulatory requirements.

17- Subscription Terms and Conditions

The Company has made an application to the CMA for the registration and offer of securities and an application for listing of securities on the Exchange in accordance with the Rules on the Offer of Securities and Continuing Obligations, and Listing Rules. All Subscribers must carefully read the Subscription Terms and Conditions before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to a Receiving Entity or the Bookrunner is deemed as an acceptance and approval of the Subscription Terms and Conditions.

17-1 Subscription to Offer Shares

The Offering will consist of twenty-five million five hundred thousand (25,500,000) ordinary shares, with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share at an Offer Price of seventy three Saudi Riyals (SAR 73). The Offer Shares represent 30% of the Company’s capital, with the total value of the Offering amounting to One billion eight hundred and sixty one million and five hundred thousand Saudi Riyals (SAR 1,861,500,000). Note that the Offering to Retail Investors and listing of the Company’s shares thereafter is subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed for during this period. CMA also has the right to suspend the Offering if, after its approval of this Prospectus and before registration and admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company’s operations.

Offering is restricted to the following two tranches of investors:

Tranche A - Participating Parties: This tranche comprises the parties entitled to participate in the book-building process as specified under the Book-Building Instructions (see Section 1 “**Definitions and Abbreviations**” of this Prospectus). The number of Offer Shares to be initially allocated to the Participating Parties is twenty-five million five hundred thousand (25,500,000) Offer Shares, representing 100% of the total Offer Shares. In the event that Retail Investors (as defined in Tranche B below) subscribe for the whole Offer Shares allocated thereto, the Bookrunner shall have the right to reduce the number of shares allocated to the Participating Parties to at least twenty-two million nine hundred fifty thousand (22,950,000) Offer Shares, representing 90% of the total Offer Shares. The mechanism for reducing the Offer Shares shall be determined by the Bookrunner as it deems appropriate, in consultation with the Company, using the discretionary reduction mechanism.

Tranche B - Retail Investors: This tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom, or any GCC national, in each case who has a bank account, and is allowed to open an investment account, with one of the Receiving Entities. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the law shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of two million five hundred fifty thousand (2,550,000) Offer Shares, representing 10% of the total Offer Shares, will be allocated to Retail Investors, provided that the Participating Parties subscribe to all the Offer Shares allocated to them. In the event that Retail Investors subscribe for the Offer Shares allocated thereto, the Financial Advisor, in consultation with the Company and the Selling Shareholders, shall have the right to reduce the number of shares in proportion to the number of Offer Shares subscribed by them.

17-2 Offering Period

Three (3) days commencing on Sunday 07/26/1443H (corresponding to 02/27/2022G), and ending on Tuesday 07/28/1443H (corresponding to 03/01/2022G).

17-3 Subscription Conditions and Method for Each Category of Targeted Investors

17-3-1 Book-Building for Participating Parties

a. The Bookrunner, in consultation with the Company and the Selling Shareholders, will determine the price range for the purposes of book-building, which will be made available to all Participating Parties.

b. Each of the Participating Parties must submit requests to participate in the book-building process by filling out the Participating Parties' bid form. The Participating Parties may amend or cancel their requests at any time during the Book-Building Period, provided that said requests are amended by submitting a modified bid form or an appended bid form (where applicable) before the expiry of the Book-Building Period. The number of Offer Shares for each of the Participating Parties shall not be less than one hundred thousand (100,000) shares, and no more than four million two hundred forty-nine thousand nine hundred ninety-nine (4,249,999) shares, and in relation to public funds only, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions, and the number of requested shares must be allocatable. The Bookrunner shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes Retail Investors, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Applications Forms

c. Once the book-building process for Participating Parties is completed, the Bookrunner will announce the subscription percentage for Participating Parties.

d. The Bookrunner and the Company will have the power to determine the Offer Price based on the supply and demand for the Offer Shares, provided that it does not exceed the price set out in the underwriting agreement and provided that the Offer Price is in accordance with the tick size applied by the Exchange.

17-3-2 Subscription by Retail Investors

Each Retail Investor shall subscribe for a minimum of ten (10) Offer Shares and a maximum of two million five hundred fifty thousand (2,550,000) Offer Shares. Changes to or withdrawal of the subscription application shall not be permitted once the subscription application has been submitted.

Subscription Application Forms will be available during the Offering Period on the websites of the Receiving Entities and at some of their branches. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Retail Investors can subscribe through the Internet, telephone banking, or ATMs of any of the Receiving Entities that offer any or all such services to its customers, provided that the following requirements are satisfied:

a. The Retail Investor shall have a bank account at a Receiving Entity, which offers such services.

b. There should have been no changes to the personal information of the Retail Investor since his subscription in the last Initial Public Offering.

A signed Subscription Application Form must be submitted to any branch of the Receiving Entities representing a legally binding agreement between the Selling Shareholders and the relevant Retail Investor submitting it.

Retail Investors may obtain a copy of this Prospectus through the websites of the Company (www.al-dawaa.com), CMA (www.cma.org.sa), or the Financial Advisor (www.gibcapital.com). In addition, a copy of this Prospectus and Subscription Forms can be obtained from the branches of the following Receiving Entities (or through the websites of Receiving Entities providing such a service):

National Commercial Bank (NCB) King Abdul Aziz Road P.O. Box 3555, Jeddah 21481 Kingdom of Saudi Arabia Tel: +966 920001000 Fax: +966 12 6464466 Website: www.alahli.com Email: contactus@alahli.com	SNB الأهلي
Al Rajhi Bank Olaya Road P.O. Box 28, Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 11 2116000 Fax: +966 11 4600705 Website: www.alrajhibank.com.sa Email: contactcentre1@alrajhibank.com.sa	مصرف الراجحي alrajhi bank
Saudi British Bank (SABB) Prince Abdulaziz Ibn Musaid Ibn Jalawi Street - AlMurabbaa P.O. Box 9084 Riyadh 11413 Kingdom of Saudi Arabia Tel: +966 (11) 440 8440 Fax: +966 (11) 276 3414 Website: www.sabb.com Email: sabb@sabb.com	SABB ساب
Riyad Bank Eastern Ring Road P.O. Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel: +966 (11) 401 3030 Fax: +966 (11) 403 0016 Website: www.riyadbank.com Email: customercare@riyadbank.com	بنك الرياض riyad bank

The Receiving Entities offering this service will commence receiving Subscription Application Forms at some of their branches throughout the Kingdom or through the Internet, telephone banking, or ATMs of any of the Receiving Entities that offer any or all such services to its customers, beginning from Sunday 07/26/1443H (corresponding to 02/27/2022G) until Tuessday 07/28/1443H (corresponding to 03/01/2022G). Once the Subscription Application Form is signed and submitted, the Receiving Entity will stamp it and provide the Retail Investor with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Entity, the Subscription Application Form will be considered void. Retail Investors do not have the right to claim any compensation for the damages incurred due to such cancellation.

Each Retail Investor is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of seventy three Saudi Riyals (SAR 73) per Offer Share.

Subscriptions for less than ten (10) Offer Shares or fractional numbers will not be accepted. Increments are to be made in multiples of the said number, while the maximum number of Offer Shares to be applied for is two hundred and fifty thousand (250,000) Offer Shares.

Subscription Application Forms for Retail Investors should be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Receiving Entities will verify all copies against the originals and will return the originals to the relevant Retail Investor):

a. The original and copy of the Retail Investor's national civil identification card or residency identification card (in case of individuals, including GCC nationals, and non-Saudi Arabian national residents).

b. The original and copy of the family civil identification card (when subscribing on behalf of family members).

c. The original and copy of a power of attorney (when subscribing on behalf of others).

d. The original and copy of certificate of guardianship (when subscribing on behalf of orphans).

e. The original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman).

f. The original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman).

g. The original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

If a Subscription Application Form is made on behalf of an Retail Investor (parents and children only), the name of the person signing on behalf of the Retail Investor should be stated in the Subscription Application Form, accompanied with a valid original and a copy of the power of attorney. The power of attorney must be notarized by a notary public for the Retail Investors residing in the Kingdom and must be legalized through a Saudi embassy or consulate in the relevant country for the Retail Investors residing outside the Kingdom. The concerned official of the Receiving Entity shall match the copy with the original version and return the original version to the Retail Investor.

One Subscription Application Form should be completed for each prime Retail Investor applying for himself and members appearing on his family identification card if the family members apply for the same number of Offer Shares as the prime Retail Investor. In this case:

a. All Offer Shares allocated to the prime Retail Investor and dependent Retail Investors will be registered in the prime Retail Investor's name.

b. The prime Retail Investor will receive any refund in respect of amounts not allocated and paid for by himself or dependent Retail Investors.

c. The prime Retail Investor will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Retail Investors (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

a. The Offer Shares to be allocated are to be registered in a name other than the name of the prime Retail Investor.

b. Dependent Retail Investors intend to apply for a different number of Offer Shares than the prime Retail Investor.

c. The wife subscribes in her name, adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant prime Retail Investor). In the latter case, applications made by husbands on behalf of their spouses will be canceled and the independent application of the wives will be processed by the Receiving Entity.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband can subscribe on behalf of those children, provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law. If a prime Retail Investor subscribes for Shares for himself and other family members registered in his family book, and a family member submits a separate Subscription Form, such family member's portion of the original application, and only his or her portion will be canceled.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as prime Retail Investors. The maximum age for non-Saudi dependents to be included with their mother is eighteen (18). Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Retail Investor agrees to subscribe for and purchase the number of Offer Shares specified in their Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of seventy three Saudi Riyals (SAR 73) per Offer Share. Each Retail Investor shall acquire the number of Offer Shares allocated to them upon:

a. Delivery by the Retail Investor of the Subscription Application Form to any of the Receiving Entities.

b. Payment in full by the Retail Investor to the Receiving Entity of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Entities by authorizing a debit of the Retail Investor's account held with the Receiving Entity to whom the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offering, the Company shall have the right to reject, in full or in part, such an application. The Retail Investor shall accept any number of Offer Shares allocated to them unless the allocated shares exceed the number of Offer Shares they have applied for.

17-4 Allocation and Refunds

The Lead Manager shall open and operate an escrow account for the purpose of depositing and keeping subscription monies collected from Participating Parties and Receiving Entities (on behalf of Retail Investors). Subscription monies shall be transferred to the Selling Shareholders only after listing, and following the deduction of certain fees and expenses. Details of the escrow account shall be specified in the Subscription Application Forms. In addition, Receiving Entities shall deposit all amounts received from the Retail Investors into the escrow accounts.

The Lead Manager and Receiving Entities, as applicable, will notify the Subscribers informing them of the final number of Offer Shares allocated together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. Announcement of the final allocation and refund of subscription monies will be made no later than 08/06/1443H (corresponding to 03/09/2022G). Subscribers should communicate with the Lead Manager or the branch of the Receiving Entity where they submitted their Subscription Application Form, as applicable, for any further information.

17-4-1 Allocation of Offer Shares to Participating Parties

The initial allocation of the Offer Shares will be made, as the Lead Manager deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. The Lead Manager and the Company may, at their discretion, not allocate shares to some of the Participating Parties, after the allocation of Offer Shares to Retail Investors is completed, provided that the initial number of Offer Shares initially allocated to Participating Parties shall not be less than twenty-five million five hundred thousand (25,500,000) ordinary shares, representing 100% of the Offer Shares, and the final allocation for Participating Parties shall not be less than twenty-five million five hundred thousand (22,950,000) ordinary shares, representing 90% of the Offer Shares.

17-4-2 Allocation of Offer Shares to Retail Investors

A maximum of two million five hundred fifty thousand (2,550,000) ordinary Offer Shares, representing 10% of the total Offer Shares, will be allocated to Retail Investors. The minimum allocation per Retail Investor is ten (10) shares, and the maximum allocation per Retail Investor is two hundred and fifty thousand (250,000) shares. The balance of the Offer Shares will be allocated on a pro-rata basis of the number of Offer Shares applied for by each Retail Investor to the total applied for Offer Shares. In the event that the number of Retail Investors exceeds two hundred fifty-five thousand (255,000) Retail Investors, the minimum allocation cannot be guaranteed by the Company and the allocation shall be made as per the instructions of the Company and Financial Advisor. Excess subscription monies, if any, will be refunded to the Retail Investors without any commissions or deductions by the Receiving Entities.

17-5 Circumstances Where Listing May Be Suspended or Canceled

17-5-1 Power to Suspend or Cancel Listing

a) CMA may suspend stock trading or cancel the listing at any time as it deems fit, in any of the following circumstances:

1) CMA considers it necessary for the protection of investors or the maintenance of an orderly market.

2) The Company fails, in a manner which the CMA considers material, to comply with Capital Market Law, its Implementing Regulations, or the Exchange Rules.

3) The Company fails to pay on time any fees due to the CMA or the Exchange or any fines due to the CMA.

4) CMA considers that the Company or its business, the level of its operations, or its assets are no longer suitable for the continued listing of securities on the Exchange.

5) When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the Company announces sufficient information regarding the target and the CMA is satisfied, following the Company's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage.

6) When information about the proposed transaction of reverse takeover is leaked and the Company cannot accurately assess its financial position and the Exchange cannot be informed accordingly.

7) When an application for financial restructuring of the Company in case of its accumulated losses reaching 50% or more of its capital is registered with the court under the Bankruptcy Law.

8) When the request for liquidation procedure or the administrative liquidation of the Company is registered with the court under the Bankruptcy Law.

9) Upon issuance of a final judgment closing the financial restructuring and initiating the administrative liquidation procedure of the Company under the Bankruptcy Law.

10) Upon the issuance of the final court ruling opening the liquidation procedure or the administrative liquidation procedure of the Company before the court under the Bankruptcy Law.

b) The Exchange shall suspend the trading of securities of the Company in any of the following cases:

1) When the Company does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in the Rules on the Offer of Securities and Continuous Obligations.

2) When the Auditor's Report on the financial statements of the Issuer contains an adverse opinion or an abstention from expressing an opinion.

3) If the liquidity requirements in Parts 2 and 8 of the Listing Rules are not satisfied after listing after the time limit set by the Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise.

4) Upon the enactment of a resolution by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of such resolution.

c) The Exchange shall remove the suspension referred to in Paragraphs 1 and 2 above, after one trading session when the reason for suspension is no longer available. In the event that the Company's shares are provided for trading outside the platform, the Exchange shall remove the suspension within a period not exceeding five (5) trading sessions following the absence of the reason for the suspension.

d) The Exchange may, at any time, suggest to the CMA to suspend trading or cancel the listing of any listed securities if it deems that any of the cases mentioned in paragraph (a) above is likely to occur.

e) The Company, in the event of suspending the trading of its securities, shall continue to abide by the Capital Market Law, its Implementing Regulations and Exchange Rules.

f) If the suspension of trading in securities continues for a period of six (6) months without the Company taking appropriate measures to correct such suspension, the CMA may cancel the listing of the Company's securities.

g) When the Company completes a reverse takeover, the Company's Shares are delisted. If the company wishes to re-list its Shares, it must submit a new application to list its Shares in accordance with the Listing Rules and fulfill the relevant requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.

h) This paragraph does not prejudice the suspension of trading or cancellation of listing resulting from the Company's losses based on the relevant implementing regulations and Exchange rules.

17-5-2 Voluntary Cancellation of Listing

a) After securities have been listed, the Company may not cancel the listing of its securities on the Exchange without the prior approval of CMA. To obtain the CMA approval, the Company must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application has to include the following:

1) Specific reasons for the request for the cancellation.

2) A copy of the disclosure described in Paragraph d below.

3) A copy of the relevant documentation and a copy of each related communication to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the Company.

4) Names and contact information of the Financial and Legal Advisors appointed according to the Rules on the Offer of Securities and Continuing Obligations.

b) CMA may, at its discretion, approve or reject the cancellation request.

c) The Company must obtain the consent of the Extraordinary General Assembly on the cancellation of the Listing after obtaining the CMA approval.

d) Where cancellation is made at the Company's request, the Company must disclose it to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the Company's activities.

17-5-3 Temporary Trading Suspension

a) The Company may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its Implementing Regulations, or the Exchange Rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. The Exchange suspends trading of the securities of that Company immediately upon receiving such request.

b) When trading is temporarily suspended at the Company's request, the Company must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, and the extent to which it affects the Company's activities.

c) CMA may impose a temporary trading suspension without a request from the Company where the CMA becomes aware of information or circumstances affecting the Company's activities, which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the Company must continue to comply with the Capital Market Law, its Implementing Regulations, and Exchange Rules.

d) The Exchange may propose that CMA exercise its authorities under Paragraph c above in case it finds that there are information or circumstances that may affect the Issuer's activities and that are likely to interrupt the operation of the Exchange or the protection of investors.

e) A temporary trading suspension will be lifted following the passing of the period referred to in the disclosure specified in Paragraph b above, unless the CMA or the Exchange decided otherwise.

17-5-4 Lifting of Suspension

Lifting of trading suspension under Paragraph A of Section 17-5-1 "**Power to Suspend or Cancel Listing**" of this Prospectus is subject to the following:

a) Adequately addressing the conditions that led to the suspension and the lack of any reason to continue the suspension for the investors' protection.

b) Lifting of suspension being unlikely to affect the normal activity of the Exchange.

c) The Company complying with any other conditions that the CMA may require.

If the listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, CMA may cancel the listing of the Company.

17-6 Approvals and Decisions under which the Offer Shares are Offered

The following are the decisions and approvals under which the Offer Shares are offered:

a) The Company's Board of Directors Resolution recommending the approval of the Offering by the General Assembly dated 11/24/1442H (corresponding to 07/04/2021G).

b) The Company's General Assembly Resolution approving the Offering dated 11/25/1442H (corresponding to 07/05/2021G).

c) The CMA's approval of the Offering dated 05/18/1443H (corresponding to 12/22/2021G).

d) The Exchange's listing approval dated 02/01/1443H (corresponding to 09/08/2021G).

17-7 Lock-up Period

Substantial Shareholders, whose names appear on Page (x) may not dispose of their shares for a period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholder may dispose of such shares without the prior approval of CMA.

17-8 Subscription Declarations

By completing and delivering the Subscription Application Form, each Subscriber:

a) Agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form.

b) Warrants that they have read and carefully examined this Prospectus and understood all its content.

c) Accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application From, and subscribes in the Offer Shares accordingly.

d) Declares that neither they nor any of their family members included in the Subscription Application Form have previously subscribed for any shares and that the Company has the right to reject any or all duplicate applications.

e) Accepts the number of Offer Shares allocated to them (to the maximum of the amount subscribed for) as per the Subscription Application Form.

f) Warrants not to cancel or amend the Subscription Application Form after submitting it to the Receiving Entity.

g) Retains their right to sue the Company for damages caused by incorrect or incomplete information contained in the Prospectus, or by omitting major information that should have been part the Prospectus and could affect their decision to purchase the Shares.

17-9 Share Register and Trading Arrangements

The Depository Center shall keep a Shareholder Register containing their names, nationalities, addresses, professions, the Shares held by them, and the amounts paid for these Shares.

17-10 Saudi Exchange (Tadawul)

In 1990G, full electronic trading of equities in the Kingdom was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process, from execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during times other than those, orders can be entered, amended or canceled from 9:30 a.m. to 10:00 a.m. The said times change during the month of Ramadan and are announced on the official website of Tadawul. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to the information providers, such as Reuters. Exchange transactions are settled on a T+2 basis, i.e., shares ownership transfer takes two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information that are important to the investors via Tadawul. Surveillance and monitoring are the responsibility of Tadawul as the operator of the market to ensure fair-trading and an orderly market.

17-11 Trading of Company's Shares

Trading of the Shares is expected to commence after finalizing the allocation process and announcing the start date of trading of the Company's shares. Following Listing, Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, GCC nationals, companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, a Qualified Foreign Investor will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Shares. Foreign Investors, non-Saudi nationals living outside the Kingdom and institutions registered outside the Kingdom will also have the right to invest indirectly to acquire economic benefits in the Shares by entering into swap agreements with Capital Market Institution to buy, hold, and trade in the shares on the Exchange on behalf of a foreign non-GCC investor. It should be noted that Capital Market Institution shall be deemed the legal owners of the Shares under the swap agreements.

Furthermore, Offer Shares can only be traded after allocated Offer Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered, and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and Selling Shareholders shall have no legal responsibility in connection with pre-trading activities.

17-12 Miscellaneous

The Subscription Application Form and all related terms, conditions, and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assignees, executors, administrators, and heirs. Neither the Subscription Application Form nor any of the rights, interests, or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, conditions, and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

This Prospectus has been released in both Arabic and English languages and the Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic text, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than Saudi Arabia are expressly prohibited, except for foreign financial institutions subject to the applicable laws and instructions. Recipients of this Prospectus are required to inform themselves of any regulatory restrictions relevant to the Offer Shares and the sale of Offer Share and to observe all such restrictions.

18- Documents Available for Inspection

The following documents will be available for inspection at the Compnay's head office, between 9 a.m. and 3 p.m. from Sunday 06/20/1443H (corresponding to 01/23/2022G) until Tuesday 07/28/1443H (corresponding to 03/01/2022G), for a period of no less than twenty (20) days prior to the end of the Offering Period:

a) CMA's announcement of the approval of the Offering.

b) Company's General Assembly's approval of the Offering dated 11/25/1442H (corresponding to 07/05/2021G).

c) The Company's Bylaws and amendments thereto.

d) The Company's articles of association.

e) The Company's commercial registration certificate issued by the Ministry of Commerce.

f) The Company's audited financial statements for the financial years ended 2018G, 2019G and 2020G.

g) The Company's interim condensed unaudited financial statements for the financial period ended June 30, 2021G.

h) All other reports, letters, documents, valuations, and data prepared by any expert wholly or partly included or referred to in the Prospectus.

i) Contracts and agreements disclosed in Section12-5 "**Material Agreements**" and Section 12-6"**Agreements and Transactions with Related Parties**" of this Prospectus.

j) Letters of consent from each of:

   1) The Financial Advisor, Lead Manager, Bookrunner, and Underwriter (GIB Capital) for the inclusion of its name and logo in this Prospectus.

   2) The Underwriter (Alinma Investment Company) for the inclusion of its name and logo in this Prospectus.

   3) The Legal Advisor (Law Office of Salman M. Al-Sudairi) for the inclusion of its name, logo, and statement in this Prospectus.

   4) The Financial Due Diligence Advisor (KPMG Al Fozan & Partners Certified Public Accountants and Auditors) for the inclusion of its name, logo, and statements, if any, in this Prospectus.

   5) The Auditor (Ernst & Young & Co (Public Accountants)), along with the audit reports for the audited financial statements for the years ended December 31, 2018G, 2019G and 2020G and the interim condensed unaudited financial statements for the financial period ended June 30, 2021G, in this Prospectus.

   6) The Market Consultant (Frost & Sullivan) for the inclusion of its name, logo and statements in this Prospectus.

k) The Underwriting Agreement.

19- The Financial Statements and Auditor’s Report

The Section contains:

1) The audited financial statements for the financial year 2018G, along with notes thereto, prepared in accordance with IFRS-KSA.

2) The audited financial statements for the financial year 2019G, along with notes thereto, prepared in accordance with IFRS-KSA.

3) The audited financial statements for the financial year 2020G, along with notes thereto, prepared in accordance with IFRS-KSA.

4) The interim condensed (unaudited) financial statements for the six-month period ended June 30, 2021G, along with notes thereto, prepared in accordance with IFRS-KSA.

Al Dawaa Medical Services Company Limited

(A Limited Liability Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2018

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2018

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EY
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF AL DAWAA MEDICAL SERVICES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY)

Opinion

We have audited the financial statements of Al Dawaa Medical Services Company Limited (A Limited Liability Company) ("the Company"), which comprise the statement of the financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in partners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

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 Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF AL DAWAA MEDICAL SERVICES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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Building a better working world

INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF AL DAWAA MEDICAL SERVICES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY) (continued)

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

We communicate with the management 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.

for Ernst & Young

Marwan Al- Afaliq
Certified Public Accountant
Registration No. 422

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
EY
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

21 Ramadan 1440H
26 May 2019

Alkhobar

3/3

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	*2018* SR	*2017 (Note 6)* SR
Net sales	25	**3,797,197,456**	3,375,625,771
Cost of sales		**(2,318,515,749)**	(2,064,642,749)
GROSS PROFIT		**1,478,681,707**	1,310,983,022
EXPENSES			
Selling and distribution	26	**(1,092,568,457)**	(1,039,336,420)
General and administration	27	**(92,588,105)**	(70,537,680)
OPERATING PROFIT		**293,525,145**	201,108,922
Finance costs	28	**(72,855,952)**	(66,926,189)
Other income, net	29	**8,971,232**	9,033,796
PROFIT BEFORE ZAKAT		**229,640,425**	143,216,529
Zakat	24	**(1,309,809)**	(22,320,511)
PROFIT FOR THE YEAR		**228,330,616**	120,896,018
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on employees' terminal benefits	19	**4,055,109**	(92,914)
TOTAL COMPREHENSIVE INCOME		**232,385,725**	120,803,104

The attached notes from 1 to 34 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2,018 SR	2017 (Note 6) SR	2017 (Note 6) SR
ASSETS				
NON-CURRENT ASSETS				
Right-of-use assets	7	**742,847,140**	803,242,298	921,182,613
Property and equipment	8	**602,613,998**	603,380,562	497,785,064
Software cost	9	**14,269,128**	7,575,046	9,050,842
Investment in unconsolidated subsidiaries	10	**204,739**	204,739	204,739
Swap derivatives	11	-	1,348,781	358,067
TOTAL NON-CURRENT ASSETS		**1,359,935,005**	1,415,751,426	1,428,581,325
CURRENT ASSETS				
Inventories	12	**1,304,922,406**	1,219,392,755	1,076,604,259
Right to returned goods asset	13	**1,245,870**	4,226,294	8,694,666
Accounts receivable and prepayments	14	**234,496,023**	211,427,376	347,349,382
Amounts due from related parties	15	**775,867**	4,391,257	9,005,119
Bank balances and cash	16	**107,679,405**	81,661,276	73,188,135
TOTAL CURRENT ASSETS		**1,649,119,571**	1,521,098,958	1,514,841,561
TOTAL ASSETS		**3,009,054,576**	2,936,850,384	2,943,422,886
PARTNERS' EQUITY AND LIABILITIES				
PARTNERS' EQUITY				
Capital	17.1	**10,000,000**	10,000,000	10,000,000
Proposed increase in capital	17.2	**51,500,000**	51,500,000	51,500,000
Statutory reserve		**5,000,000**	5,000,000	5,000,000
Retained earnings		**796,719,393**	675,333,668	649,530,564
TOTAL PARTNERS' EQUITY		**863,219,393**	741,833,668	716,030,564
NON-CURRENT LIABILITIES				
Lease liability - non current	18	**579,737,560**	637,779,004	733,651,777
Employees' terminal benefits	19	**82,161,291**	84,795,529	77,000,051
TOTAL NON-CURRENT LIABILITIES		**661,898,851**	722,574,533	810,651,828
CURRENT LIABILITIES				
Accounts payable and accruals	20	**586,488,554**	626,467,721	492,663,558
Amounts due to related parties	15	**9,294,721**	4,077,756	7,480,551
Lease liability	18	**147,145,821**	138,951,432	137,741,629
Contract liabilities	21	**24,964,458**	23,366,745	22,391,006
Refund liability	22	**2,155,679**	7,630,890	15,019,405
Bank overdrafts	16 & 23	**218,729**	-	46,803,252
Short term loans	23	**698,994,329**	648,227,836	679,995,819
Term loan-current portion		-	-	5,272,006
Swap derivatives	11	**4,311,746**	-	-
Zakat provision	24	**10,362,295**	23,719,803	9,373,268
TOTAL CURRENT LIABILITIES		**1,483,936,332**	1,472,442,183	1,416,740,494
TOTAL LIABILITIES		**2,145,835,183**	2,195,016,716	2,227,392,322
TOTAL PARTNERS' EQUITY AND LIABILITIES		**3,009,054,576**	2,936,850,384	2,943,422,886

The attached notes from 1 to 34 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF CHANGES IN PARTNERS' EQUITY

For the year ended 31 December 2018

	Capital *SR*	*Proposed increase in capital* *SR*	*Statutory reserve* *SR*	*Retained earnings* *SR*	*Total* *SR*
As at 1 January 2017 (note 6)	10,000,000	51,500,000	5,000,000	649,530,564	716,030,564
Profit for the year	-	-	-	120,896,018	120,896,018
Other comprehensive loss	-	-	-	(92,914)	(92,914)
Total comprehensive income	-	-	-	120,803,104	120,803,104
Dividends	-	-	-	(95,000,000)	(95,000,000)
Balance at 31 December 2017	10,000,000	51,500,000	5,000,000	675,333,668	741,833,668
Profit for the year	-	-	-	228,330,616	228,330,616
Other comprehensive income	-	-	-	4,055,109	4,055,109
Total comprehensive income	-	-	-	232,385,725	232,385,725
Dividends	-	-	-	(111,000,000)	(111,000,000)
Balance at 31 December 2018	**10,000,000**	**51,500,000**	**5,000,000**	**796,719,393**	**863,219,393**

The attached notes 1 to 34 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	2018 *SR*	*2017* *SR*
OPERATING ACTIVITIES		
Profit before zakat	**229,640,425**	143,216,529
Adjustments to reconcile profit before zakat to net cash flows:		
Depreciation for property and equipment	**136,492,570**	129,843,913
Depreciation for right-of-use assets	**166,610,360**	167,888,634
Amortisation of software cost	**3,268,811**	2,386,439
Employees' terminal benefits provision	**14,691,836**	14,461,408
Gain on disposal of property and equipment	**(160,230)**	(1,183,692)
Property and equipment write off	**4,753,423**	12,162,782
Fair value of swaps	**5,660,527**	(990,714)
Finance costs other than fair value of swaps	**67,195,425**	72,005,390
	628,153,147	539,790,689
Working capital adjustments		
Accounts receivable and prepayments	**(23,068,647)**	135,922,006
Inventories	**(85,529,651)**	(142,788,496)
Right to returned goods asset	**2,980,424**	4,468,372
Amounts due from/to related parties	**8,832,355**	(10,097,395)
Accounts payable and accruals	**(39,979,167)**	133,804,163
Refund liability	**(5,475,211)**	(7,388,515)
Contract liabilities	**1,597,713**	975,739
Cash flows from operations	**487,510,963**	654,686,563
Finance costs paid	**(63,692,965)**	(69,099,395)
Employees' terminal benefits paid	**(16,773,424)**	(9,664,839)
Zakat paid	**(14,667,317)**	(7,973,976)
Net cash from operating activities	**392,377,257**	567,948,353
INVESTING ACTIVITIES		
Purchase of property and equipment	**(139,196,003)**	(229,469,442)
Proceeds from disposal of property and equipment	**581,805**	1,505,884
Additions to software cost	**(8,754,591)**	(910,643)
Net cash used in investing activities	**(147,368,789)**	(228,874,201)
FINANCING ACTIVITIES		
Net movement in short term loans	**50,766,493**	(31,767,983)
Net movement in term loan	**-**	(5,272,006)
Repayments of lease liabilities	**(158,975,561)**	(163,066,232)
Dividends paid	**(111,000,000)**	(83,691,538)
Net cash used in financing activities	**(219,209,068)**	(283,797,759)
INCREASE IN CASH AND CASH EQUIVALENTS	**25,799,400**	55,276,393
Cash and cash equivalents at the beginning of the year	**81,661,276**	26,384,883
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**107,460,676**	81,661,276
Non cash transaction:		
Transfer from property and equipment to intangibles	**1,208,302**	-
Lease liability interest capitalized to property and equipment	**-**	4,088,487
Depreciation for right-of-use assets capitalized to property and equipment	**2,913,303**	14,366,456
Additions of right-of-use assets	**110,128,219**	49,948,319
Dividends settled against amounts from related parties	**-**	11,308,462

The attached notes from 1 to 34 form part of these financial statements.

1 CORPORATE INFORMATION

Al Dawaa Medical Services Company Limited (the "Company") is a limited liability Company registered in Al Khobar, Kingdom of Saudi Arabia under Commercial Registration number 2051025701 dated 23 Ramadan 1422H (corresponding to 8 December 2001) with branches in Dammam, Khobar, Riyadh, Jeddah, Safwa, Jubail, and other cities in all Kingdom as detailed in note 34.

The Company is engaged in the following activities:

Retail and wholesale of:

- Medicines, medical products and medical equipment and tools,
- Hospitals' materials and tools,
- Herbs,
- Perfumes, cosmetics and beauty tools and products, and
- Food supplies

Trading services:

- Import, export and marketing on behalf of others, and
- Trading agencies

The Company is also licensed to engage in retail and wholesale of food stuff, computer applications and data basis, wholesale and retail trading in computers and their spare parts and maintenance, as well as the construction and operation of alternate medicine and physiotherapy clinics.

The Company is wholly owned by Saudi partners. The Company's registered office is in Khobar.

The Company has accounted for its investment in subsidiaries at cost and no consolidated financial statements have been prepared as the subsidiaries have not yet commenced any operations. The assets, liabilities and operations of the subsidiaries as of 31 December 2018 and for the year then ended are not expected to be material to the Company's financial statements.

The financial statements of the Company as of 31 December 2018 were authorised for issuance on 26 May 2019 (corresponding to 21 Ramadan 1440H).

2 BASIS OF PREPARATION

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

These financial statements represent the Company's first annual financial statements prepared in accordance with IFRSs as endorsed in KSA. The preparation of these financial statements resulted in changes to the significant accounting policies as compared to those presented in the financial statements of the Company for the year ended 31 December 2017, which were prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia ("Saudi GAAP"). IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") endorsed in KSA requires that an entity's accounting policies used in its opening statement of financial position and throughout all periods presented in its first IFRS financial statements comply with IFRSs as endorsed in KSA effective at the end of its first IFRS reporting period. Accordingly, the IFRSs endorsed in KSA issued and effective as at 31 December 2018 have been applied in preparing the financial statements as at and for the year ended 31 December 2018, the comparative information presented as at and for the year ended 31 December 2017, and in preparation of the opening IFRS Statement of Financial Position as at 1 January 2017. The impacts of the transition to IFRSs as endorsed in KSA for the comparative information are presented in Note 6.

The financial statements have been prepared on a historical cost basis using the accrual basis of accounting, except otherwise as disclosed in note 3.

The financial statements are presented in Saudi Arabian Riyals (SR), which is the functional currency of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its financial statements:

3.1 Foreign currency translation

Foreign currency transactions (monetary and non-monetary) are translated into SAR at the spot rates of exchange prevailing at the date the transactions first qualify for recognition.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into SR at the spot exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of profit or loss.

3.2 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is bank balances and cash unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.3 Fair value measurement

The Company measures financial instruments, such as, derivatives, at fair value at each reporting date.

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.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

o Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
o Level 2 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
o Level 3 —Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Fair value measurement (Continued)

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
The policies and procedures for both recurring fair value measurement and for non-recurring measurement are evaluated periodically.
For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.4 Revenue recognition

3.4a Sale of goods -retail

The Company operates a chain of retail stores (pharmacies and healthcare stores) selling medicines; perfumes, cosmetics and beauty tools and products. Revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods, however certain sales are through insurance and other companies, A receivable is recognised by the Company upon transfer of control as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. It is the Company's policy to sell its products to the its customers with a right of return within 72 hours; however the management concluded that the expected returns based on pattern of historical returns is deemed immaterial; accordingly the management has not accounted for it.

The Company operates 'Arbahi' loyalty programme which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can be redeemed for discounts on future purchases, subject to a minimum number of points obtained. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire 12 months after the initial sale. The transaction price is allocated between the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Company's historical experience.

3.4b Sale of goods -wholesale

The Company sells medicines and cosmetics to the wholesale market. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised by the Company when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Some contracts provide customers with a right of return and volume rebates. Volume rebates based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebates Accumulated experience is used to estimate and provide for the rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with normal credit terms ,which is consistent with market practice. Rebates are offset against amounts payable by the customer.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Revenue recognition (continued)

3.4b Sale of goods -wholesale (continued)

Under the Company's standard contract terms and market practice, customers have a right of return. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years and management historical experience. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

3.5 Cost of sales and operating expenses

Cost of sales includes of costs previously included in the measurement of the inventory that has been sold to customers. Selling and distribution expenses are those that specifically relate to salesmen, delivery vehicles, and rental of pharmacies as well as expected credit loss. All other expenses, except for financial charges, are classified as general and administration expenses.

3.5a Commercial income

The Company has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are received in connection with the purchase of goods for resale from those suppliers. Most of the income received from suppliers relates to adjustments to a core cost price of a product, and as such is considered part of the purchase price for that product. Sometimes receipt of the income is conditional on the Company performing specified actions or satisfying certain performance conditions associated with the purchase of the product. These include achieving agreed purchases or sales volume targets and providing promotional or marketing materials and activities or promotional product positioning. While there is no standard industry definition, these amounts receivable from suppliers in connection with the purchase of goods for resale are generally termed commercial income. Commercial income is recognised when earned by the Company, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract. The income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Company at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Amounts due relating to commercial income are recognised within trade and other receivables, except in cases where the Company currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognised.

3.6 Zakat and indirect taxes

3.6a Zakat

Zakat is provided in accordance with the Regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia and on accruals basis. The provision is charged to the statement of profit or loss.

3.6b Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the General Authority of Zakat and Tax (GAZT), 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.

3.7 Cash dividend distribution to equity holders

The Company recognises a liability to make cash distribution to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. Distribution authorization is assessed in line with relevant corporate laws in the Kingdom of Saudi Arabia, a distribution is authorized when it is approved by the partners. A corresponding amount is recognised directly in equity.

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3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Property and equipment/depreciation

Property and equipment are carried at the historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition, construction or development of property and equipment and includes;

- the purchase price;
- borrowing costs for long-term construction projects if the recognition criteria are met; and
- costs directly attributable to bring the assets to its location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged to the statement of profit or loss using the straight line method to allocate the depreciable amount over the estimated economic useful lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or increase the production output are charged to the statement of profit or loss as and when incurred.

The assets' residual values and estimated economic useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of profit or loss.

3.9 Intangible assets

Intangible assets includes software; Intangibles acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life 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 considered to modify 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 recognised in the statement of profit or loss 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 recognised in the statement of profit or loss when the asset is derecognised.

3.10 Investment in unconsolidated subsidiaries

Investment in subsidiaries, which are in pre-operating phase, is accounted for at cost.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset maybe impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (pre-zakat/tax) that reflects current market assessment of the time value of money and the risks specific to the asset.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual asset are allocated. These budgets and forecast calculations are generally covering a five-year period. For longer years, a long-term growth rate is calculated and applied to project future cash flows after the budgeted period.

Impairment losses of continuing operations, including impairment on working capital, if applicable, are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset.

Irrespective of whether there is any indication of impairment, the Company shall also test intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with respective recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year.

For assets, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

3.12 Financial instruments — initial recognition and subsequent measurement

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial instruments — initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Initial recognition and measurement

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets at amortised cost includes trade accounts receivable, bank balances and subsidy receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss, within financial charges.

This category includes derivative (swaps) instruments.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial instruments — initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

• The rights to receive cash flows from the asset have expired

Or

• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
(a) the Company has transferred substantially all the risks and rewards of the asset,
or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are more than one year past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial instruments — initial recognition and subsequent measurement (continued)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

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

The Company's financial liabilities include accounts payable, amounts due to related parties and bank overdraft and bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

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

iii) Offsetting of financial instruments

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

3.13 Inventories

Inventories comprise goods held for resale. Inventories are valued at the lower of cost and net realizable value using the weighted average cost basis. Directly attributable costs and incomes (including applicable commercial income) are included in the cost of inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

3.14 Cash and cash equivalents

Bank balances and cash in the statement of financial position compromise of cash at banks and on hand.

For the purpose of the statement of cash flows, cash and cash equivalents consists of bank balances and cash as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.15 Employees' benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and air fare that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in statement of financial position.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Employees' benefits (Continued)

(ii) Employees' terminal benefits
The Company has end of service benefits which is qualifies as defined benefits plan. The net pension liability or liability recognised in the statement of financial position in respect of defined benefit post-employment plans is the present value of the projected defined benefits obligation (DBO) less fair value of plan assets, if any.

DBO is re-measured on a periodic basis by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used. The net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the statement of income.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the statement of income as past service costs.

In KSA, for the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labor and Workmen Law as well as the Company policy.

3.16 Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where management of the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current Pre-tax (Zakat) rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.17 Borrowings costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and interest charges in respect of lease liability.

3.18 Leases

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. The lease liability is initially measured at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate, the Company usually uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Leases (continued)

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.19 Statutory reserve

In accordance with the Saudi Arabian Regulations for Companies, 10% of the profit for the year is required to be transferred to the statutory reserve each year. The partners may resolve to discontinue such transfer when the reserve equals 30% of the capital. This reserve is not normally available for distribution except in circumstances specified in the Saudi Arabian Regulations for Companies. The partners in the prior years have resolved to keep the statutory at 50% of capital.

3.20 Contingencies

Contingent liabilities are not recognized in the preliminary financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recognized in the preliminary financial statements under accounts payables and accruals. A contingent asset is not recognized in the preliminary financial statements but disclosed when an inflow of economic benefits is probable.

4 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material differences in the carrying amounts of assets and liabilities within the next financial period, are presented below. The Company used these assumptions and estimates on the basis available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.1 Provision for expected credit losses of trade accounts receivables

The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

4 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

4.1 Provision for expected credit losses of trade accounts receivables (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade accounts receivable and contract assets is disclosed in note 14.

4.2 Long-term assumptions for employee benefits

End-of-service terminal benefits represent obligations that will be settled in the future and require assumptions to project obligations, if any. The accounting requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates and employment turnover. Periodically, management of the Company consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

4.3 Determination and allocation of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Company assess the impact of any variable consideration in the contract; due to rebates; right to return and customer loyalty programme.

The Company uses the expected value method to estimates the goods that will be returned and volume rebates, because this method best predicts the amount of variable consideration to which the Company will be entitled.

For customer loyalty programme, transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience.

The stand-alone selling price of the product sold is estimated on the basis of the retail price.

4.4 Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

4.5 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the (Group) is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

4.6 Useful lives of property and equipment and intangible assets

The management determines the estimated useful lives of property and equipment and intangible assets for calculating depreciation/amortisation. The estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews the estimated lives and the depreciation/amortisation method to ensure that the method and period are consistent with the expected pattern of economic benefits of the assets.

4 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (Continued)

4.7 Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

4.8 Determination of the discount rate to initial measurement of lease liability

The Company as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment.

The Company determines its incremental borrowing rate with reference to its existing and historical cost of borrowing adjusted for the term and security against such borrowing.

For transition to IFRS as endorsed in Kingdom of Saudi Arabia; the transition date (1 January 2017) is the commencement date; and the incremental borrowing rate is determined at same date for all lease contract existed as of 1 January 2017.

4.9 Commercial income

Management is required to make estimates in determining the amount and timing of recognition of commercial income for some transactions with suppliers. In determining the amount of volume-related allowances recognised in any period, management estimate the probability that the Company will meet contractual target volumes, based on historical and forecast performance. There is limited estimation involved in recognising income for promotional and other allowances. Management assesses its performance against the obligations conditional on earning the income, with the income recognised either over time as the obligations are met, or recognised at the point when all obligations are met, dependent on the contractual requirements. Commercial income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Company at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Management views that the cost of inventories sold (which is inclusive of commercial income) provides a consistent and complete measure of the income statement impact of the overall supplier relationships.

4.10 Critical judgments in applying accounting standards

In addition to the application of the judgement in the above mentioned estimates and assumptions, the critical judgement below has the most significant effect on the amounts recognised in the financial statements:

4.10.1 ***Component parts of property and equipment***

The Company's assets, classified within property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has early adopted "IFRS 16 Leases" effective from 1 January 2017 (transition date).
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the preliminary financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- A specific adaptation for contracts with direct participation features (the variable fee approach)

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. These amendments are not applicable to the Company.

6 FIRST-TIME ADOPTION OF IFRS

For all periods up to and including the year ended 31 December 2017, the Company prepared its financial statements in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia ("Saudi GAAP"). Effective 1 January 2018, all entities are required to prepare their financial statements in accordance with the IFRSs as endorsed in KSA. These financial statements, for the year ended 31 December 2018, are the first set of financial statements, the Company has prepared in accordance with IFRSs as endorsed in KSA.

IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1") endorsed in KSA requires that an entity's accounting policies used in its opening statement of financial position and throughout all periods presented in its first IFRS financial statements comply with IFRSs as endorsed in KSA effective at the end of its first IFRS reporting period. Accordingly, the IFRSs endorsed in KSA issued and effective as at 1 January 2018 have been applied in preparing the financial statements as at and for the year ended 31 December 2018, the comparative information presented as at and for the year ended 31 December 2017, and in preparation of the opening IFRS statement of financial position as at 1 January 2017.

The following is a reconciliation of the Company's statement of financial position and statement of profit or losses and other comprehensive income reported in accordance with Saudi GAAP to its statement of financial position and statement of profit or losses and other comprehensive income under IFRS, as endorsed in KSA, at the transition date 1 January 2017 and as at and for the year ended 31 December 2017:

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
At 31 December 2018

6 FIRST-TIME ADOPTION OF IFRS (continued)

i) Reconciliation for statement of financial position as at 1 January 2017:

	Notes	*Saudi GAAP SR*	*Remeasurement/ reclassification SR*	*IFRS SR*
ASSETS				
NON-CURRENT ASSETS				
Right-to-use assets	6.6	-	921,182,613	**921,182,613**
Property and equipment		497,785,064	-	**497,785,064**
Software cost		9,050,842	-	**9,050,842**
Investment in unconsolidated subsidiaries	6.3	1,764,739	(1,560,000)	**204,739**
Fair value of swaps		358,067	-	**358,067**
TOTAL NON-CURRENT ASSETS		508,958,712	919,622,613	**1,428,581,325**
CURRENT ASSETS				
Inventories		1,076,604,259	-	**1,076,604,259**
Right to returned goods asset	6.4	-	8,694,666	**8,694,666**
Amounts due from related parties		9,005,119	-	**9,005,119**
Accounts receivable and prepayments	6.2 & 6.6	407,384,977	(60,035,595)	**347,349,382**
Bank balances and cash		73,188,135	-	**73,188,135**
TOTAL CURRENT ASSETS		1,566,182,490	(51,340,929)	**1,514,841,561**
TOTAL ASSETS		2,075,141,202	868,281,684	**2,943,422,886**
EQUITY AND LIABILTIES				
PARTNERS' EQUITY				
Capital		10,000,000	-	**10,000,000**
Proposed increase in capital		51,500,000	-	**51,500,000**
Statutory reserve		5,000,000	-	**5,000,000**
Retained earnings		668,263,982	(18,733,418)	**649,530,564**
TOTAL PARTNERS' EQUITY		734,763,982	(18,733,418)	**716,030,564**
NON-CURRENT LIABILITIES				
Lease liability - non current	6.6	-	733,651,777	**733,651,777**
Employees' terminal benefits	6.1	73,331,797	3,668,254	**77,000,051**
TOTAL NON-CURRENT LIABILITIES		73,331,797	737,320,031	**810,651,828**
CURRENT LIABILITIES				
Accounts payable and accruals	6.5	518,120,527	(25,456,969)	**492,663,558**
Amounts due to related parties		7,480,551	-	**7,480,551**
Lease liability	6.6	-	137,741,629	**137,741,629**
Contract liabilities	6.4 & 6.5	-	22,391,006	**22,391,006**
Refund liability		-	15,019,405	**15,019,405**
Bank overdrafts		46,803,252	-	**46,803,252**
Short term loan		679,995,819	-	**679,995,819**
Term loan-current portion		5,272,006	-	**5,272,006**
Zakat provision		9,373,268	-	**9,373,268**
TOTAL CURRENT LIABILITIES		1,267,045,423	149,695,071	**1,416,740,494**
TOTAL LIABILITIES		1,340,377,220	887,015,102	**2,227,392,322**
TOTAL PARTNERS' EQUITY AND LIABILITIES		2,075,141,202	868,281,684	**2,943,422,886**

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At 31 December 2018

6 FIRST-TIME ADOPTION OF IFRS (continued)

ii) Reconciliation for statement of financial position as at 31 December 2017:

	Notes	*Saudi GAAP SR*	*Remeasurement/ reclassification SR*	*IFRS SR*
ASSETS				
NON-CURRENT ASSETS				
Right-to-use assets	6.6	-	803,242,298	**803,242,298**
Property and equipment	6.6	601,418,808	1,961,754	**603,380,562**
Software cost		7,575,046	-	**7,575,046**
Investment in unconsolidated subsidiaries	6.3	2,179,279	(1,974,540)	**204,739**
Fair value of swaps		1,348,781	-	**1,348,781**
TOTAL NON-CURRENT ASSETS		612,521,914	803,229,512	**1,415,751,426**
CURRENT ASSETS				
Inventories		1,219,392,755	-	**1,219,392,755**
Right to returned goods asset	6.4	-	4,226,294	**4,226,294**
Amounts due from related parties		4,391,257	-	**4,391,257**
Accounts receivable and prepayments	6.2 & 6.6	274,052,360	(62,624,984)	**211,427,376**
Bank balances and cash		81,661,276	-	**81,661,276**
TOTAL CURRENT ASSETS		1,579,497,648	(58,398,690)	**1,521,098,958**
TOTAL ASSETS		2,192,019,562	744,830,822	**2,936,850,384**
EQUITY AND LIABILTIES				
PARTNERS' EQUITY				
Capital		10,000,000	-	**10,000,000**
Proposed increase in capital		51,500,000	-	**51,500,000**
Statutory reserve		5,000,000	-	**5,000,000**
Retained earnings		716,040,087	(40,706,419)	**675,333,668**
TOTAL PARTNERS' EQUITY		782,540,087	(40,706,419)	**741,833,668**
NON-CURRENT LIABILITIES				
Lease liability - non current	6.6	-	637,779,004	**637,779,004**
Employees' terminal benefits	6.1	79,496,071	5,299,458	**84,795,529**
TOTAL NON-CURRENT LIABILITIES		79,496,071	643,078,462	**722,574,533**
CURRENT LIABILITIES				
Accounts payable and accruals	6.5	653,958,009	(27,490,288)	**626,467,721**
Amounts due to related parties		4,077,756	-	**4,077,756**
Lease liability	6.6	-	138,951,432	**138,951,432**
Contract liabilities	6.4 & 6.5	-	23,366,745	**23,366,745**
Refund liability		-	7,630,890	**7,630,890**
Bank overdrafts		-	-	**-**
Short term loan		648,227,836	-	**648,227,836**
Term loan-current portion		-	-	**-**
Zakat provision		23,719,803	-	**23,719,803**
TOTAL CURRENT LIABILITIES		1,329,983,404	142,458,779	**1,472,442,183**
TOTAL LIABILITIES		1,409,479,475	785,537,241	**2,195,016,716**
TOTAL PARTNERS' EQUITY AND LIABILITIES		2,192,019,562	744,830,822	**2,936,850,384**

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
At 31 December 2018

6 FIRST-TIME ADOPTION OF IFRS (continued)

iii) Reconciliation of statement of profit or loss and other comprehensive income for the year ended 31 December 2017

	Notes	*Saudi GAAP* *SR*	*Remeasurement/ reclassification* *SR*	*IFRS* *SR*
Net sales	6.4 & 6.5	3,367,179,676	8,446,095	**3,375,625,771**
Cost of sales	6.4	(2,060,174,377)	(4,468,372)	**(2,064,642,749)**
GROSS PROFIT		1,307,005,299	3,977,723	**1,310,983,022**
EXPENSES				
Selling and distribution	6.6	(1,045,390,148)	6,053,728	**(1,039,336,420)**
General and administration	6.3	(70,223,614)	(314,066)	**(70,537,680)**
OPERATING PROFIT		191,391,537	9,717,385	**201,108,922**
Finances costs	6.6	(35,328,717)	(31,597,472)	**(66,926,189)**
Other income		9,033,796	-	**9,033,796**
PROFIT BEFORE ZAKAT		165,096,616	(21,880,087)	**143,216,529**
Zakat		(22,320,511)	-	**(22,320,511)**
PROFIT FOR THE YEAR		142,776,105	(21,880,087)	**120,896,018**
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit and loss:				
Remeasurement loss on employees' terminal benefits		-	(92,914)	**(92,914)**
TOTAL COMPREHENSIVE INCOME		142,776,105	(21,973,001)	**120,803,104**

iv) Estimates

The estimates at 1 January 2017 and 31 December 2017 are consistent with those made for the same dates in accordance with Saudi GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Saudi GAAP did not require estimation:

a) Actuarial valuation in end of service benefits. Refer to note 19.
b) Allowance for expected credit loss. Refer to note 14.
c) Refund liability and right to returned goods asset . Refer to notes 22 and 13.
d) Contract liabilities. Refer to note 21.

v) Statement of cash flows

The transition from Saudi GAAP to IFRS has not had a material impact on the statement of cash flows.

vi) Exemptions

IFRS 1 as endorsed in the Kingdom of Saudi Arabia, allows first-time adaptors certain retrospective exemptions from application of certain requirement under IFRS. However the Company has not opted for any exemptions allowed by IFRS 1.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
At 31 December 2018

6 FIRST-TIME ADOPTION OF IFRS (continued)

6.1 Employees' end of service termination benefits obligation

Under Saudi GAAP the employees' end of service termination benefits obligation were calculated at the current value of the vested benefits to which the employee is entitled to at the statement of financial position date. However, at the date of transition to IFRS, the employees' end of service termination benefits obligations were remeasured in accordance with the requirements of IAS 19 using the projected unit credit method on an actuarial basis. This change resulted in increase of the Employees' terminal benefits obligations on the transition date; and decrease in the retained earnings to reflect the net impact of the requirements of IAS 19.

6.2 Impairment of financial assets

Under IFRS, the Company applied IFRS 9 "Financial instruments" and applied the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Company used a provision matrix, The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. Under Saudi GAAP, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) which is known as incurred loss model. Individual receivables which were known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified, for these receivables the estimated impairment losses are recognised in the statement of profit or loss. This change resulted decrease in the provision for trade receivables on transition date and increase on in the retained earnings to reflect the net impact of the expected credit losses prescribed by IFRS 9.

6.3 Ineligible capitalised costs

Management concluded that certain capitalised items under investment in unconsolidated subsidiaries would not meet the definition of cost under IFRS and has been written off upon transition resulted in decrease in the balance of investments in unconsolidated subsidiaries and retained earnings.

6.4 Right to returned goods and refund liability

Under IFRS; for contracts that permits the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised will not occur. Therefore, revenue recognised is adjusted for expected returns, which is estimated based on historical data. In such circumstances, a refund liability and a right to recover returned goods assets are recognised. Under Saudi GAAP; returns were accounted for based on actual transaction date; as the overlap of returns from a reporting period to another was immaterial. This change resulted in increase in right to returned goods asset and refund liability and decrease in retained earnings as of transition date and as of 31 December 2017; and increase in revenue and decrease of cost of sales for the year ended 1 January 2017.

6.5 Customer loyalty programme

Under IFRS; for the Company's loyalty programme; the Company allocates a portion of the consideration received to loyalty points. This allocation is based on relative stand-alone selling prices. Under Saudi GAAP, The allocation was based on the fair value of the loyalty point and the reminder of the consideration was allocated to the sold product. Under IFRS; a lower proportion of the consideration is allocated to the loyalty point and therefore less revenue is deferred; therefore this changes resulted in decrease in the contract liability (deferred revenue) and increase in retained earnings as of transition date and as of 1 January 2017; and increase in revenue for the year ended 31 December 2017. Further, management has reclassified the related deferred revenue from accruals to contract liabilities.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
At 31 December 2018

6 FIRST-TIME ADOPTION OF IFRS (continued)

6.6 Leases

Under Saudi GAAP, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as a finance lease; assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight line basis over the term of the lease. However, at the date of transition to IFRS, the Company as a lessee, recognizes a right-of-use asset and a lease liability at transition date. The Company measures the lease liability at the present value of the unpaid lease payments at the transition date. The lease payments are discounted using the Company's incremental borrowing rate, with weighted-average rate applied is 4%. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the transition date; therefore prepaid expenses were reclassified to right-to-use assets.

The Company has applied the following practical expedients at the transition date, the Company has applied a single discount rate to each portfolio of leases with reasonably similar characteristics and has excluded any initial direct costs from the measurement of the right-of-use asset also for leases for which the lease term ends/cancelled within 12 months of the transition date; the Company accounted for them as if they were short-term leases and are recognised on a straight-line basis as an expense in profit or loss. The Company has included all extension options in the measurement of lease obligations at transition date.

The right-to-use assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. This change resulted in increase in the Right-to-use assets and lease liability as of transition date with no net impact on retained earnings; and decrease in retained earnings as of 31 December 2017 due to the additional impact of the depreciation and financial charges compared to the payments under operating leases under Saudi GAAP.

Further; under Saudi GAAP; amounts charged under operating leases during the construction period of an asset were capitalized as a 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. Therefore under IFRS; the management has capitalized the depreciation of right-to-use assets and related borrowing costs which resulted in increase of the property and equipment as of 31 December 2017.

7 RIGHT-OF-USE ASSETS

	Property	*Plots of land*	*Total*
	SR	***SR***	***SR***
At 1 January 2017	883,235,077	37,947,536	921,182,613
Additions	49,948,319	-	49,948,319
Depreciation	(165,769,964)	(2,118,670)	(167,888,634)
At 31 December 2017	767,413,432	35,828,866	803,242,298
At 1 January 2018	**767,413,432**	**35,828,866**	**803,242,298**
Additions	**110,128,219**	**-**	**110,128,219**
Modifications	**(3,913,017)**	**-**	**(3,913,017)**
Depreciation	**(164,491,690)**	**(2,118,670)**	**(166,610,360)**
At 31 December 2018	**709,136,944**	**33,710,196**	**742,847,140**

The following had been recognised in profit or loss:

	31 December 2018	*31 December 2017*
	SR	*SR*
Depreciation expenses for right-of-use assets	**163,697,057**	153,522,178
Interest expenses on lease liabilities	**31,165,218**	28,691,477
Expenses relating to short-term leases	**7,488,810**	21,405,779
	202,351,085	203,619,434

Depreciation of right-of-use assets amounting to SR 2,913,303 (2017: SR 14,366,456) was capitalized to property and equipment.

8 PROPERTY AND EQUIPMENT

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Leasehold improvements	5 years	Office equipment	6.67 years
Motor vehicles and distribution vans	5 years	Tools and air-conditions	6.67 years
Furniture and fixtures	5 years	Building	25 years

	Land *SR*	*Leasehold improvements* *SR*	*vehicles and distribution vans* *SR*	*Furniture and fixtures* *SR*	*Office equipment* *SR*	*Building* *SR*	*Tools and air-conditions* *SR*	*Capital work in progress* *SR*	***Total 2018*** ***SR***
Cost:									
At 1 January 2018	34,549,542	475,682,571	94,010,010	194,457,426	37,579,693	-	88,356,281	141,913,936	**1,066,549,459**
Additions	-	2,567,338	7,821,647	7,922,689	7,822,481	4,321,872	5,629,876	106,023,403	**142,109,306**
Disposals	-	-	(1,135,339)	-	-	-	-	-	**(1,135,339)**
Transfers	-	17,159,632	5,536,600	12,108,421	(925,498)	207,899,353	(1,535,905)	(240,242,603)	-
Transfers to software	-	-	-	-	-	-	-	(1,208,302)	**(1,208,302)**
Write-off	-	(16,958,050)	(56,799)	(627,467)	(130,957)	-	(364,627)	-	**(18,137,900)**
At 31 December 2018	34,549,542	478,451,491	106,176,119	213,861,069	44,345,719	212,221,225	92,085,625	6,486,434	**1,188,177,224**
Accumulated depreciation:									
At 1 January 2018	-	191,457,720	68,165,102	118,248,131	22,267,043	-	63,030,901	-	**463,168,897**
Charge for the year	-	82,879,264	12,581,415	27,156,408	4,697,424	570,451	8,607,608	-	**136,492,570**
Disposals	-	-	(713,764)	-	-	-	-	-	**(713,764)**
Transfers	-	-	-	4,019	(3,031)	-	(988)	-	-
Write-off	-	(12,867,415)	(50,293)	(291,650)	(47,178)	-	(127,941)	-	**(13,384,477)**
At 31 December 2018	-	261,469,569	79,982,460	145,116,908	26,914,258	570,451	71,509,580	-	**585,563,226**
Net book amounts:									
At 31 December 2018	**34,549,542**	**216,981,922**	**26,193,659**	**68,744,161**	**17,431,461**	**211,650,774**	**20,576,045**	**6,486,434**	**602,613,998**

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
At 31 December 2018

8 PROPERTY AND EQUIPMENT (continued)

	Land *SR*	*Leasehold improvements* *SR*	*vehicles and distribution vans* *SR*	*Furniture and fixtures* *SR*	*Office equipment* *SR*	*Building* *SR*	*Tools and air-conditions* *SR*	*Capital work in progress* *SR*	*Total 2017* *SR*
Cost:									
At 1 January 2017	11,347,570	374,058,952	93,426,410	171,347,248	33,883,324	-	84,837,943	86,366,704	855,268,151
Additions	23,201,972	27,266,177	6,088,612	5,250,182	4,057,074	-	5,105,658	176,954,710	247,924,385
Disposals	-	-	(5,505,012)	(1,950)	-	-	-	-	(5,506,962)
Transfers	-	98,115,269	-	21,085,403	106,759	-	69,369	(119,376,800)	-
Write-off	-	(23,757,827)	-	(3,223,457)	(467,464)	-	(1,656,689)	(2,030,678)	(31,136,115)
At 31 December 2017	34,549,542	475,682,571	94,010,010	194,457,426	37,579,693	-	88,356,281	141,913,936	1,066,549,459
Accumulated depreciation:									
At 1 January 2017	-	133,133,442	59,002,519	93,907,653	17,799,369	-	53,640,104	-	357,483,087
Charge for the year	-	73,469,124	14,346,890	26,838,505	4,707,783	-	10,481,611	-	129,843,913
Disposals	-	-	(5,184,307)	(463)	-	-	-	-	(5,184,770)
Transfers	-	(4,718)	-	(12,141)	183	-	16,676	-	-
Write-off	-	(15,140,128)	-	(2,485,423)	(240,292)	-	(1,107,490)	-	(18,973,333)
At 31 December 2017	-	191,457,720	68,165,102	118,248,131	22,267,043	-	63,030,901	-	463,168,897
Net book amounts:									
At 31 December 2017	34,549,542	284,224,851	25,844,908	76,209,295	15,312,650	-	25,325,380	141,913,936	603,380,562
At 1 January 2017	11,347,570	240,925,510	34,423,891	77,439,595	16,083,955	-	31,197,839	86,366,704	497,785,064

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
At 31 December 2018

8 PROPERTY AND EQUIPMENT (continued)

Capital work in progress represents costs incurred in respect of opening new pharmacies and warehouses, which have not commenced operation yet.

During the year, the Company has capitalized SR Nil (31 December 2017: SR 4 million, 1 January 2017: SR Nil) represent financial charges in respect of lease liability for new pharmacies which have not commenced operation yet. In addition, the Company capitalized depreciation of right-of-use assets of SR 2,913,303 (2017: SR 14,366,456).

9 SOFTWARE COST

Software cost is amortised over 6.7 years

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Cost:			
At the beginning of the year	**14,784,678**	13,874,035	13,874,035
Additions	**8,754,591**	910,643	-
Transfers from property and equipment	**1,208,302**	-	-
At the end of the year	**24,747,571**	14,784,678	13,874,035
Accumulated amortisation:			
At the beginning of the year	**7,209,632**	4,823,193	4,823,193
Charge for the year	**3,268,811**	2,386,439	-
At the end of the year	**10,478,443**	7,209,632	4,823,193
Net book amount at 31 December	**14,269,128**	7,575,046	9,050,842

10 INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES

Investment in unconsolidated subsidiaries represents the Company's 100% investment in Ronzac GmbH and Hollinz GmbH, both companies are registered in Germany. The subsidiaries are engaged in granting (marketing) licenses of pharmaceutical products, any consumer goods and food products.

The Company also has 100% investment in Al Dawaa Medical Company Services FZ-LLC, a company registered in Dubai, United Arab Emirates as marketing office.

The investment in the subsidiaries are recorded at cost as the subsidiaries have not yet commenced any operations and the management believes that the share in net results of the subsidiaries for the year ended 31 December 2018 is not material to the financial statements and not consolidated by the Company.

11 SWAP DERIVATIVES

The Company has swap derivatives assets for foreign currency (US Dollars) swap contracts and interest rate swap contracts. At 31 December 2018, those derivatives are measured by fair value based on significant observable inputs (level 2), there was no transfer of levels for measuring fair value during the year. The Company uses the following valuation techniques for the recurring fair value measurement:

- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves; and
- for foreign currency forwards – present value of future cash flows based on the forward exchange rate at the reporting date.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
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12 INVENTORIES

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Inventories relating to pharmacies	**1,257,770,300**	1,073,825,303	877,772,061
Inventories relating to distribution	**68,773,376**	148,890,854	202,155,600
	1,326,543,676	1,222,716,157	1,079,927,661
Less: allowance for slow moving inventory items	**(21,621,270)**	(3,323,402)	(3,323,402)
	1,304,922,406	1,219,392,755	1,076,604,259

Allowance for slow moving inventory items movements is as follows:

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
At the beginning of the year	**3,323,402**	3,323,402	3,323,402
Provided during the year	**18,297,868**	-	-
At the end of the year	**21,621,270**	3,323,402	3,323,402

Inventories are held for resale and are net of commercial income. During the year, SR 10 million (2017:SR Nil) was recognised as an expenses for inventories carried at net realisable value. This is recognised in cost of sales.

13 RIGHT TO RETURNED GOODS ASSET

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Right to returned goods asset	**1,245,870**	4,226,294	8,694,666

The right to returned goods asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's policy. The right to return is measured by reference to the former carrying amounts of the goods. The costs to recover the products are immaterial because the customers usually return the products in saleable condition.

14 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Trade accounts receivable	**153,388,505**	140,258,996	242,528,449
Prepaid expenses	**13,830,902**	14,124,879	13,097,740
Advances to suppliers	**74,833,161**	72,765,049	106,019,689
Subsidy receivable	**10,272,355**	7,559,057	11,727,562
HRDF receivables	**-**	2,080,293	-
Other receivables	**11,425,347**	9,394,012	8,626,491
	263,750,270	246,182,286	381,999,931
Less: allowance for expected credit loss	**(29,254,247)**	(34,754,910)	(34,650,549)
	234,496,023	211,427,376	347,349,382

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
At 31 December 2018

14 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

The average credit period for trade receivables on sale of goods is 30 days. The Company does not charge any interest on the outstanding balance. The Company holds the trade accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company always measures the loss allowance for trade accounts receivable at an amount equal to lifetime expected credit losses (ECL). The ECL on trade accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Company's provision matrix:

31 December 2018	Gross trade receivables *SR*	Expected credit loss rate	ECL provision *SR*
0-30 days	**38,843,714**	1%	**388,437**
31-60 days	**27,188,301**	2%	**506,620**
61-90 days	**20,079,091**	3%	**602,372**
91-120 days	**13,438,161**	5%	**671,908**
121-150 days	**7,047,556**	10%	**704,756**
151-180 days	**4,728,110**	12%	**567,373**
181-210 days	**5,493,103**	15%	**823,965**
211-240 days	**4,242,313**	18%	**763,616**
241-270 days	**3,066,133**	20%	**613,227**
271-300 days	**2,520,253**	22%	**554,456**
301-365 days	**2,876,712**	30%	**863,014**
Over 365 days	**23,865,057**	93%	**22,194,503**
	153,388,505		**29,254,247**

31 December 2017	Gross trade receivables *SR*	Expected credit loss rate	ECL provision *SR*
0-30 days	18,405,922	1%	184,059
31-60 days	16,751,181	2%	345,926
61-90 days	16,878,503	3%	506,355
91-120 days	12,039,964	5%	601,998
121-150 days	11,601,250	10%	1,160,125
151-180 days	10,054,263	12%	1,206,512
181-210 days	3,677,723	15%	551,658
211-240 days	2,163,014	18%	389,342
241-270 days	2,961,415	20%	592,283
271-300 days	9,319,385	22%	2,050,265
301-365 days	10,621,497	30%	3,186,449
Over 365 days	25,784,879	93%	23,979,938
	140,258,996		**34,754,910**

The Company writes off trade receivable when there is no reasonable expectation of recovery. During the current year; the Company has written off trade receivables amounting to SR 2 million (31 December 2017: SR 8 million, 1 January 2017: SR Nil).

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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14 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

In accordance with IFRS 7 paragraph 29(a), disclosures of fair value are not required when the carrying amount is a reasonable approximation of its fair value for financial instruments such as trade receivables.

The movement for the allowance for expected credit loss during the year as was follows:

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
As at 1 January	**34,754,910**	34,650,549	34,650,549
(Reversal) / charge for the year	**(3,402,137)**	8,090,871	-
Write-off	**(2,098,526)**	(7,986,510)	-
As at 31 December	**29,254,247**	34,754,910	34,650,549

15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent partners and key executives and entities controlled, jointly controlled or significantly influenced by such parties (affiliate). The following are the major related parties' transactions during the year:

Name of related parties	*Nature of transactions*	*Amount of transactions* ***31 December 2018 SR***	*31 December 2017 SR*
Meshraf Company	Value of construction of new pharmacies	**2,529,004**	53,810,729
Classic Travel	Expenses	**19,405,634**	21,227,228
Digital Business System Company	IT services provided to the Company	**15,102,637**	-
	Admin Services provided by the Company	**2,360,855**	-
Partner	Gain on the transfer of property and equipment	**25,800**	-

In addition to the above the Company incurred the following compensation of key management personnel of the Company:

	31 December 2018 SR	*31 December 2017 SR*
Short-term employee benefits	**1,560,000**	1,560,000
End of services benefits	**130,000**	130,000
Total compensation	**1,690,000**	1,690,000

Prices and terms of payment for these transactions are approved by the Company's management.

Amounts due from related parties and due to related parties are disclosed in the statement of financial position as follows:

a) Amounts due from related parties - current assets

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Meshraf Company	-	2,100,865	7,403,737
Partners	**370,593**	1,206,607	1,427,772
Others	**405,274**	1,083,785	173,610
	775,867	4,391,257	9,005,119

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

b) Amounts due to related parties - current liabilities

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Classic Travel	**2,650,703**	2,133,765	6,469,329
Meshraf Company	**88,770**	-	-
Partners	**1,461,937**	1,042,853	-
Digital Business System Company	**4,339,604**	-	-
Others	**753,707**	901,138	1,011,222
	9,294,721	4,077,756	7,480,551

16 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents have been presented as follow:

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Bank balances and cash	**107,679,405**	81,661,276	73,188,135
Bank overdrafts	**(218,729)**	-	(46,803,252)
	107,460,676	81,661,276	26,384,883

17 CAPITAL AND PROPOSED INCREASE IN CAPITAL

17.1 Capital

The capital of the Company as at 31 December 2018 comprised 10,000 shares (31 December 2017: 10,000 shares, 1 January 2017: 10,000 shares) stated at SR 1,000 per share.

	Number of shares		***Share in capital (%)***	
	31 December 2018	*31 December 2017*	***31 December 2018***	*31 December 2017*
HRH Prince Turki Bin Mohammed Bin Fahad	**2,400**	2,400	**24%**	24%
Mr. Mohammed Saad Al-Farraj	**5,925**	5,925	**59%**	59%
Mr. Abdullah Saad Al-Farraj	**925**	925	**9%**	9%
Mr. Waleed Mohammed Al-Jaafary	**250**	250	**3%**	3%
Ms. Hussa Saad Al-Farraj	**250**	250	**3%**	3%
MS. Nouf Saad Al-Farraj	**250**	250	**3%**	3%
	10,000	10,000	**100%**	100%

17.2 Proposed increase in capital

In 2008 the partners of the Company resolved to capitalise the partners' accounts as proposed increase in capital. The legal formalities in respect of the proposed capital increase have not commenced yet.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
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At 31 December 2018

18 LEASE LIABILITY

Maturity analysis - contractual undiscounted cash flows

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Less than 1 year	**174,688,414**	167,303,329	170,541,593
Later than one year to five years	**473,158,907**	537,775,215	627,846,352
More than five years	**240,682,050**	228,064,108	288,284,069
	888,529,371	933,142,652	1,086,672,014

Lease liability included in the statement of financial position:

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Current	**147,145,821**	138,951,432	137,741,629
Non-current	**579,737,560**	637,779,004	733,651,777
	726,883,381	776,730,436	871,393,406

19 EMPLOYEES' TERMINAL BENEFITS

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
As at 1 January	**84,795,529**	77,000,051	77,000,051
Current service cost	**14,691,836**	14,461,408	-
Interest cost	**3,502,460**	2,905,995	-
Actuarial (gain) loss	**(4,055,109)**	92,914	-
Payments during the year	**(16,773,424)**	(9,664,839)	-
As at 31 December	**82,161,292**	84,795,529	77,000,051

The Company operates a defined benefit plan in line with the Labour Law requirement in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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19 EMPLOYEES' TERMINAL BENEFITS (continued)

Actuarial assumptions
The following were the principal actuarial assumptions applied :

	31 December 2018 (%)	*31 December 2017 (%)*	*1 January 2017 (%)*
Discount rate	**4.65%**	3.50%	3.50%
Salary increase rate (short term)	**1.00%**	1.00%	1.00%
Salary increase rate (long term)	**4.65%**	3.85%	3.50%

The sensitivity of the employees' terminal benefits to changes in the weighted principal assumptions is

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Increase in discount Rate + 0.5%	**85,393,023**	82,504,739	75,274,053
Decrease in discount Rate + 0.5%	**94,917,029**	91,796,043	83,693,346
Increase in long term Salary Increases + 0.5%	**93,860,791**	90,414,898	82,142,071
Decrease in long term Salary Increases + 0.5%	**86,306,751**	83,713,510	76,642,110

The weighted average duration of the defined benefit obligation is 10.56 years (31 December 2017: 10.66 years, 1 January 2017: 10.15 years). The expected maturity analysis of undiscounted defined benefit obligation is as follows (time in years):

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
1	**6,731,158**	6,556,812	6,932,568
2	**9,447,224**	8,565,209	7,410,325
3	**8,399,382**	8,040,307	7,148,078
4	**8,816,873**	8,625,905	8,089,258
5	**10,091,273**	9,143,422	8,519,516
6-10	**59,684,232**	56,343,700	53,009,956
Total	**103,170,142**	97,275,355	91,109,701

20 ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Trade accounts payable	**455,340,354**	485,207,414	381,712,190
Accrued expenses	**76,355,615**	64,342,635	78,371,034
Other payables	**36,130,973**	64,230,972	32,580,334
Retention	**18,661,612**	12,686,700	-
	586,488,554	626,467,721	492,663,558

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature

21 CONTRACT LIABILITIES

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Customers' loyalty programme	**24,964,458**	23,366,745	22,391,006

Contract liabilities are recognised in respect of points awarded to customers; as these points provide a benefit to customers that they would not receive without entering into a purchase contract and the promise to provide loyalty points to the customer is therefore a separate performance obligation.

The movement for the contract liabilities during the year as follows:

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
As at 1 January	**23,366,745**	22,391,006	22,391,006
Addition	**49,340,886**	46,471,907	-
Redeemed	**(30,237,801)**	(31,499,546)	-
Expired	**(17,505,372)**	(13,996,622)	-
As at 31 December	**24,964,458**	23,366,745	22,391,006

22 REFUND LIABILITY

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Refund liability	**2,155,679**	7,630,890	15,019,405

The refund liability relates to customers' right to return products, the Company recognises a refund liability for the amount of consideration received for which the entity does not expect to be entitled.

23 BANK OVERDRAFTS AND SHORT TERM LOANS

Bank overdrafts and Tawarooq, Murabaha and Tayseer short term loans were obtained from local commercial banks and are secured by joint and several personal guarantees of the partners, promissory notes and assignments of rights arising from an insurance policies. Those facilities carry borrowing costs at average rates of 1.75% plus SAIBOR. Overdrafts carry borrowing costs at average rates of 12%.

The carrying amounts of short term loans are considered to be the same as their fair values, due to their short-term nature.

24 ZAKAT

(a) Charge for the year

The zakat charge consists of:

	31 December 2018 SR	*31 December 2017 SR*
Current year provision	**1,309,809**	14,743,944
Adjustment for previous years	-	7,576,567
	1,309,809	22,320,511

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24 ZAKAT (continued)

The provision is based on the following:

	31 December 2018 SR	*31 December 2017 SR*
Equity	**671,540,088**	795,883,450
Opening provisions and other adjustments	**106,930,955**	132,469,940
Book value of long term assets (net of related financing)	**(618,626,547)**	(611,531,201)
	159,844,496	316,822,189
Zakatable results for the year	**247,626,272**	272,935,571
Zakat base	**407,470,768**	589,757,760

The differences between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable results.

(b) Movements in provision during the year

The movement in the zakat provision was as follows:

	31 December 2018 SR	*31 December 2017 SR*
At the beginning of the year	**23,719,803**	9,373,268
Provided during the year	**1,309,809**	22,320,511
Payments during the year	**(14,667,317)**	(7,973,976)
At the end of the year	**10,362,295**	23,719,803

(c) Status of assessments

Zakat assessments have been agreed with the General Authority for Zakat and Tax (GAZT) up to 2016. Zakat assessment for the year 2017 is still not raised by GAZT.

25 NET SALES

	2018 SR	*2017 SR*
Sale of goods - retail	**3,661,250,677**	3,281,754,654
Sale of goods -wholesale	**135,946,779**	93,871,117
	3,797,197,456	3,375,625,771

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26 SELLING AND DISTRIBUTION EXPENSES

	2018 *SR*	*2017* *SR*
Employees' cost	**618,114,168**	543,567,171
Depreciation of right-to-use assets	**163,697,057**	153,522,178
Depreciation of property and equipment	**133,348,627**	126,079,257
Marketing, advertising and sales promotions	**58,396,857**	59,041,899
Utilities	**29,241,178**	27,910,116
Repair and maintenance	**32,476,019**	23,222,676
Impairment of advances to suppliers	**-**	13,859,449
Short-term leases	**718,666**	13,351,761
Property and equipment write-off	**4,753,423**	10,132,104
Cargo and packing	**4,375,422**	9,493,232
(Reversal) / allowance for expected credit loss	**(3,402,137)**	8,090,871
Travel and transportation	**6,957,763**	7,915,873
Governmental fees	**9,258,722**	7,376,197
Point of sale commissions	**9,334,468**	7,331,894
Insurance	**3,645,129**	3,205,656
Stationery and printing	**2,784,987**	2,426,787
Capital work in progress write-off	**-**	2,030,678
Gifts and free samples	**500,540**	1,864,728
Car rent and expenses	**515,374**	472,665
Other	**17,852,194**	18,441,228
	1,092,568,457	1,039,336,420

27 GENERAL AND ADMINISTRATION EXPENSES

	2018 *SR*	*2017* *SR*
Employees' cost	**47,373,522**	41,017,386
IT services (note 15)	**15,102,637**	-
Short-term leases	**6,770,144**	8,054,018
Al-Dawaa magazine and social responsibility	**4,515,554**	1,961,976
Professional fees	**4,476,423**	3,117,309
Amortization	**3,268,811**	2,386,439
Depreciation	**3,143,942**	3,764,656
Gifts and donation	**1,817,670**	1,801,133
Travel	**1,126,938**	980,044
Vehicles expenses	**750,926**	427,908
Other	**4,241,538**	7,026,811
	92,588,105	70,537,680

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
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28 FINANCE COSTS

	2018 SR	2017 SR
Interest on borrowings and bank overdrafts	**32,527,747**	36,319,431
Interest on lease liability	**31,165,218**	28,691,477
Change in fair value of swaps	**5,660,527**	(990,714)
Accretion of finance cost on employees' terminal benefits	**3,502,460**	2,905,995
	72,855,952	66,926,189

29 OTHER INCOME, NET

	2018 SR	2017 SR
Gain on disposal of property and equipment	**160,230**	1,183,692
Lab testing	**1,318,638**	2,246,828
Income from investment	**-**	2,401,972
(Loss) / gain on foreign currency exchange	**(2,678,249)**	1,705,529
Admin services (note 15)	**2,360,855**	-
others	**7,809,758**	1,495,775
	8,971,232	9,033,796

30 COMMITMENTS

At 31 December 2018, the Company had commitments of SR 50 million (31 December 2017: SR 150 million, 1 January 2017: SR 250 million) relating to completion of new pharmacies and warehouse under construction.

31 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks such as:

- Market risk,
- Credit risk, and
- Liquidity risk

31.1 Market risk

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

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company did not undertake significant transactions in currencies other than Saudi Riyals and US dollars. As the Saudi Riyal is pegged to the US Dollar, balance in US Dollars are not considered to represent significant currency risk. In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
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31 FINANCIAL RISK MANAGEMENT (continued)

31.1 Market risk (continued)

b) Interest Rate Risk

Interest rate risk is the risk that the far value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowing which expose the Company to cash flow interest rate risk.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's net income before zakat is affected through the impact on floating rate borrowings, as follows:

	31 December 2018 SR	*31 December 2017 SR*	*1 January 2017 SR*
Interest rate – increase by 100 basis points	**6,989,943**	6,482,278	6,852,678
Interest rate – decrease by 100 basis points	**(6,989,943)**	(6,482,278)	(6,852,678)

31.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and cash and bank balances.

The Company ensures that the cash collection is made after time of sales delivery. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and time deposit are substantially placed with commercial banks with sound credit ratings. There are no significant concentrations of credit risk, whether through exposure to individual customers or regions.

Sales to retail customers are required to be settled in cash or using credit cards, mitigating credit risk.

There are no significant concentrations of credit risk, whether through exposure to individual customers or regions. For credit risk and ECL for accounts receivables please refer to note 14.

31.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realise financial assets quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis and seeking partners' support, as and if required to ensure 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 Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains different lines of credit. The Company's terms of contracts require amounts to be paid within 30-90 days of the date of billings. Trade accounts payables are normally settled within 30-60 days of billing date or receipt of a correctly rendered invoice.

31 FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The table below summarises the maturity profile of the Company's financial liabilities, excluding lease liability, based on contractual undiscounted payments; Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2018	***less than year SR***	***1 to 5 years SR***	***> 5 years SR***	***Total SR***
Accounts payables and retention	**474,001,966**	-	-	**474,001,966**
Amounts due to related parties	**9,294,721**	-	-	**9,294,721**
Bank overdrafts	**218,729**			**218,729**
Short term loans	**698,994,329**	-	-	**698,994,329**
	1,182,509,745	-	-	**1,182,509,745**

31 December 2017	*less than year SR*	*1 to 5 years SR*	*> 5 years SR*	*Total SR*
Accounts payables and retention	497,894,114	-	-	497,894,114
Amounts due to related parties	4,077,756	-	-	4,077,756
Short term loans	648,227,836	-	-	648,227,836
	1,150,199,706	-	-	1,150,199,706

1 January 2017	*less than year SR*	*1 to 5 years SR*	*> 5 years SR*	*Total SR*
Accounts payables and retention	381,712,190	-	-	381,712,190
Amounts due to related parties	7,480,551	-	-	7,480,551
Bank overdrafts	46,803,252	-	-	46,803,252
Term loan-current portion	5,272,006	-	-	5,272,006
Short term loans	679,995,819	-	-	679,995,819
	1,121,263,818	-	-	1,121,263,818

Changes in liabilities arising from financing activities

	1 January 2018 SR	***Cash outflow SR***	***Others/Cash inflow SR***	***31 December 2018 SR***
Dividends payable	-	**(111,000,000)**	**111,000,000**	-
Short term loans	**648,227,836**	**(1,515,256,310)**	**1,566,022,803**	**698,994,329**
Total liabilities from financing activities	**648,227,836**	**(1,626,256,310)**	**1,677,022,803**	**698,994,329**

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31 FINANCIAL RISK MANAGEMENT (continued)

31.3 Liquidity risk (continued)

Changes in liabilities arising from financing activities

	1 January 2017 *SR*	*Cash outflow* *SR*	*Others/Cash inflow* *SR*	*31 December 2017* *SR*
Dividends payable	-	(95,000,000)	95,000,000	-
Term loan-current portion	5,272,006	(5,272,006)	-	-
Short term loans	679,995,819	(1,810,182,034)	1,778,414,051	648,227,836
Total liabilities from financing activities	685,267,825	(1,910,454,040)	1,873,414,051	648,227,836

The "other" column includes classification of dividends payables once distribution of dividends is authorized by partners.

32 CAPITAL MANAGEMENT

Capital is equity attributable to the equity holders of the Company. The primary objective to the Company's capital management is to support its business and maximise partners' value.

Management's policy is to maintain a strong capital base so as to maintain creditor and to sustain future development of the business. The Company manages its capital structure and makes adjustments in light of changes in economic conditions, business conditions and the requirements of the financial covenants. Management monitors the return on capital, which the Company defines as net debt divided by total partners' equity; net debt is total liabilities, excluding provisions, less bank balances and cash. The Company's policy is to keep the ratio between 30% and 50%. Management also monitors the level of dividends to partners. The Company's net debt to capital ratio at the end of the reporting year was as follows:

	31 December 2018 ***SR***	*31 December 2017* *SR*	*1 January 2017* *SR*
Bank borrowings and bank overdrafts	**699,213,058**	648,227,836	732,071,077
Accounts payables and retention	**474,001,966**	497,894,114	381,712,190
Accrued and other liabilities	**112,486,588**	128,573,607	110,951,368
Lease liability	**726,883,381**	776,730,436	871,393,406
Contracts and refund liabilities	**27,120,137**	30,997,635	37,410,411
Less: Bank and cash equivalents	**(107,679,405)**	(81,661,276)	(73,188,135)
Net debt	**1,932,025,725**	2,000,762,352	2,060,350,317
Total equity	**863,219,393**	741,833,668	716,030,564
Net debt to capital ratio	**45%**	37%	35%

The Company has complied with the bank borrowings' covenants throughout the reporting period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 2017.

33 EVENTS AFTER THE REPORTING DATE

No events have arisen subsequent to 31 December 2018 and before the date of signing the auditors' report, that could have a significant effect on the financial statements as at 31 December 2018.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
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34 BRANCHES

The Company operates through various branches and sales outlets located in the Kingdom of Saudi Arabia with the following commercial registration numbers:

Serial	Branch Name	Commercial Registration Number	Serial	Branch Name	Commercial Registration Number
1	AL-Dawaa Company	2051025701	55	Al Dawaa Pharmacy PH-038	2051026934
2	Warehouse	4030240372	56	Al Dawaa Pharmacy PH-039	2051028619
3	Warehouse	2251051269	57	Al Dawaa Pharmacy PH-041	2051028621
4	Warehouse	2050094367	58	Al Dawaa Pharmacy PH-042	2051026298
5	Warehouse	2050094362	59	Al Dawaa Pharmacy PH-043	2051028100
6	Warehouse	2050051362	60	Al Dawaa Pharmacy PH-044	2251029047
7	Warehouse	2050095574	61	Al Dawaa Pharmacy PH-045	2252032794
8	Warehouse	5850035609	62	Al Dawaa Pharmacy PH-046	2250029473
9	Warehouse	1010181366	63	Al Dawaa Pharmacy PH-047	2250029470
10	Warehouse	4030142950	64	Al Dawaa Pharmacy PH-048	2055005455
11	Warehouse	2050083032	65	Al Dawaa Pharmacy PH-049	2252029038
12	Warehouse	2511021391	66	Al Dawaa Pharmacy PH-051	2055005523
13	Warehouse	3400017991	67	Al Dawaa Pharmacy PH-052	2257031106
14	Warehouse	2050109593	68	Al Dawaa Pharmacy PH-054	2251052014
15	Warehouse	2252061539	69	Al Dawaa Pharmacy PH-055	2251031414
16	Warehouse	2050091536	70	Al Dawaa Pharmacy PH-056	2251029044
17	Warehouse	5051055822	71	Al Dawaa Pharmacy PH-057	2051026299
18	Warehouse	2050108864	72	Al Dawaa Pharmacy PH-058	2050041890
19	Al Dawaa Pharmacy PH-001	2051025760	73	Al Dawaa Pharmacy PH-059	2052002704
20	Al Dawaa Pharmacy PH-002	2060025761	74	Al Dawaa Pharmacy PH-060	2051026587
21	Al Dawaa Pharmacy PH-003	2060025762	75	Al Dawaa Pharmacy PH-061	2051026588
22	Al Dawaa Pharmacy PH-004	2051025763	76	Al Dawaa Pharmacy PH-062	2251029046
23	Al Dawaa Pharmacy PH-005	2051025768	77	Al Dawaa Pharmacy PH-063	2050044347
24	Al Dawaa Pharmacy PH-006	2051025769	78	Al Dawaa Pharmacy PH-066	2250029472
25	Al Dawaa Pharmacy PH-007	2051025770	79	Al Dawaa Pharmacy PH-067	2250031567
26	Al Dawaa Pharmacy PH-008	2050039723	80	Al Dawaa Pharmacy PH-069	2052001086
27	Al Dawaa Pharmacy PH-009	2050039724	81	Al Dawaa Pharmacy PH-070	2252031413
28	Al Dawaa Pharmacy PH-010	2060025771	82	Al Dawaa Pharmacy PH-073	2257032802
29	Al Dawaa Pharmacy PH-011	2051062960	83	Al Dawaa Pharmacy PH-074	2050043074
30	Al Dawaa Pharmacy PH-012	2060025798	84	Al Dawaa Pharmacy PH-076	2055005631
31	Al Dawaa Pharmacy PH-013	2050039761	85	Al Dawaa Pharmacy PH-077	2055005752
32	Al Dawaa Pharmacy PH-014	2050039762	86	Al Dawaa Pharmacy PH-078	2050048204
33	Al Dawaa Pharmacy PH-015	2050039763	87	Al Dawaa Pharmacy PH-079	2055007353
34	Al Dawaa Pharmacy PH-016	2051025805	88	Al Dawaa Pharmacy PH-080	2050046257
35	Al Dawaa Pharmacy PH-017	2050039766	89	Al Dawaa Pharmacy PH-081	2051027886
36	Al Dawaa Pharmacy PH-018	2051025806	90	Al Dawaa Pharmacy PH-082	2050043076
37	Al Dawaa Pharmacy PH-019	2251029471	91	Al Dawaa Pharmacy PH-084	2051029849
38	Al Dawaa Pharmacy PH-020	2520031008	92	Al Dawaa Pharmacy PH-085	2050043077
39	Al Dawaa Pharmacy PH-021	2055005082	93	Al Dawaa Pharmacy PH-086	2050044348
40	Al Dawaa Pharmacy PH-022	2055005252	94	Al Dawaa Pharmacy PH-087	2050046842
41	Al Dawaa Pharmacy PH-023	2251029045	95	Al Dawaa Pharmacy PH-088	2050049609
42	Al Dawaa Pharmacy PH-024	2050040581	96	Al Dawaa Pharmacy PH-089	2251033361
43	Al Dawaa Pharmacy PH-025	2050040582	97	Al Dawaa Pharmacy PH-092	2511005244
44	Al Dawaa Pharmacy PH-026	2050040583	98	Al Dawaa Pharmacy PH-093	2511005359
45	Al Dawaa Pharmacy PH-027	2252029039	99	Al Dawaa Pharmacy PH-094	2511005360
46	Al Dawaa Pharmacy PH-028	2056001192	100	Al Dawaa Pharmacy PH-095	2511007202
47	Al Dawaa Pharmacy PH-029	2056001401	101	Al Dawaa Pharmacy PH-097	2511005385
48	Al Dawaa Pharmacy PH-031	2250031094	102	Al Dawaa Pharmacy PH-098	2511007198
49	Al Dawaa Pharmacy PH-032	2251029040	103	Al Dawaa Pharmacy PH-099	2511006435
50	Al Dawaa Pharmacy PH-033	2251029041	104	Al Dawaa Pharmacy PH-101	2511006434
51	Al Dawaa Pharmacy PH-034	2057002345	105	Al Dawaa Pharmacy PH-102	2512005361
52	Al Dawaa Pharmacy PH-035	2057002346	106	Al Dawaa Pharmacy PH-103	2059001354
53	Al Dawaa Pharmacy PH-036	2251029042	107	Al Dawaa Pharmacy PH-104	2050047614
54	Al Dawaa Pharmacy PH-037	2252029043	108	Al Dawaa Pharmacy PH-105	2251031417

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34 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number
109	Al Dawaa Pharmacy PH-107	2251032468
110	Al Dawaa Pharmacy PH-109	2251032795
111	Al Dawaa Pharmacy PH-111	2056001400
112	Al Dawaa Pharmacy PH-112	2050047615
113	Al Dawaa Pharmacy PH-113	2050049607
114	Al Dawaa Pharmacy PH-114	2053016706
115	Al Dawaa Pharmacy PH-115	2062017164
116	Al Dawaa Pharmacy PH-116	2062017299
117	Al Dawaa Pharmacy PH-117	2055006224
118	Al Dawaa Pharmacy PH-118	2057002414
119	Al Dawaa Pharmacy PH-119	2057002870
120	Al Dawaa Pharmacy PH-120	2050053603
121	Al Dawaa Pharmacy PH-122	2511007201
122	Al Dawaa Pharmacy PH-123	2511007052
123	Al Dawaa Pharmacy PH-124	2051031178
124	Al Dawaa Pharmacy PH-125	2050049608
125	Al Dawaa Pharmacy PH-126	2050049606
126	Al Dawaa Pharmacy PH-127	2050048209
127	Al Dawaa Pharmacy PH-128	2050047786
128	Al Dawaa Pharmacy PH-129	2056001198
129	Al Dawaa Pharmacy PH-130	2050053602
130	Al Dawaa Pharmacy PH-131	2251033359
131	Al Dawaa Pharmacy PH-132	2050047296
132	Al Dawaa Pharmacy PH-133	2050053604
133	Al Dawaa Pharmacy PH-134	2051032340
134	Al Dawaa Pharmacy PH-135	2051030698
135	Al Dawaa Pharmacy PH-137	2252033536
136	Al Dawaa Pharmacy PH-139	2251031582
137	Al Dawaa Pharmacy PH-140	2251033539
138	Al Dawaa Pharmacy PH-142	2251032469
139	Al Dawaa Pharmacy PH-144	2251033538
140	Al Dawaa Pharmacy PH-148	2251032800
141	Al Dawaa Pharmacy PH-150	2251032791
142	Al Dawaa Pharmacy PH-157	2050044008
143	Al Dawaa Pharmacy PH-160	2251033362
144	Al Dawaa Pharmacy PH-161	2250033542
145	Al Dawaa Pharmacy PH-164	2252032467
146	Al Dawaa Pharmacy PH-168	2051028684
147	Al Dawaa Pharmacy PH-174	2252032803
148	Al Dawaa Pharmacy PH-175	2252032793
149	Al Dawaa Pharmacy PH-179	2252031576
150	Al Dawaa Pharmacy PH-181	2051042253
151	Al Dawaa Pharmacy PH-182	2055007711
152	Al Dawaa Pharmacy PH-185	2065001399
153	Al Dawaa Pharmacy PH-186	2066002278
154	Al Dawaa Pharmacy PH-187	2055007710
155	Al Dawaa Pharmacy PH-188	2055007058
156	Al Dawaa Pharmacy PH-191	2252033537
157	Al Dawaa Pharmacy PH-195	2252032799
158	Al Dawaa Pharmacy PH-196	2250033420
159	Al Dawaa Pharmacy PH-216	2053017160
160	Al Dawaa Pharmacy PH-221	2053016084
161	Al Dawaa Pharmacy PH-224	2063017157
162	Al Dawaa Pharmacy PH-225	2063016083
163	Al Dawaa Pharmacy PH-254	2252032801
164	Al Dawaa Pharmacy PH-269	2053016148
165	Al Dawaa Pharmacy PH-273	2066002171
166	Al Dawaa Pharmacy PH-275	2055007709
167	Al Dawaa Pharmacy PH-276	2059001506
168	Al Dawaa Pharmacy PH-282	2252032796
169	Al Dawaa Pharmacy PH-286	2250033424
170	Al Dawaa Pharmacy PH-290	2251032792

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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34 BRANCHES (continued)

In addition to the above branches, the Company operates and owns the following outlets, which are registered under the names of related and unrelated parties on behalf of the Company:

Serial	Branch Name	Commercial Registration Number
1	Al-Dawaa Alkhobar Pharmacy PH-050	2050240589
2	Al-Dawaa Alkhobar Pharmacy PH-053	2050109794
3	Al-Dawaa Alkhobar Pharmacy PH-064	2051061436
4	Al-Dawaa Alkhobar Pharmacy PH-065	2051061435
5	Al-Bronziah Pharmacy PH-072	2251065985
6	Al-Bronziah Pharmacy PH-075	2511024851
7	Al-Bronziah Pharmacy PH-083	2511024850
8	Al-Dawaa Alkhobar Pharmacy PH-090	2050109798
9	AR Raed Pharmacy PH-091	2511025135
10	Ar-Raqeya Pharmacy PH-096	2511024110
11	AR Raed Pharmacy PH-121	2511025133
12	Al Masy Pharmacy PH-136	2055025509
13	Ar-Raqeya Pharmacy PH-138	2055025464
14	Ar-Raqeya Pharmacy PH-145	2250065797
15	Al-Bronziah Pharmacy PH-146	2251065063
16	AR Raed Pharmacy PH-147	2252065006
17	Ar-Raqeya Pharmacy PH-149	2250065286
18	Al-Bronziah Pharmacy PH-151	2251066148
19	Al-Bronziah Pharmacy PH-152	2251066149
20	Ar-Raqeya Pharmacy PH-156	2252066358
21	Al-Dawaa Alkhobar Pharmacy PH-158	2052002936
22	Ar-Raqeya Pharmacy PH-159	2514000397
23	Al-Dawaa Alkhobar Pharmacy PH-162	2051062896
24	Al Masy Pharmacy PH-163	2511025319
25	Al-Dawaa Alkhobar Pharmacy PH-165	2050110666
26	Al-Dawaa Alkhobar Pharmacy PH-166	2051063125
27	Ar-Raqeya Pharmacy PH-167	2251067051
28	Al-Dawaa Alkhobar Pharmacy PH-169	2051064391
29	Al-Dawaa Alkhobar Pharmacy PH-170	2050110917
30	Al-Dawaa Alkhobar Pharmacy PH-171	2050110693
31	Al-Dawaa Alkhobar Pharmacy PH-172	2050110692
32	Al-Dawaa Alkhobar Pharmacy PH-173	2050110918
33	Ar-Raqeya Pharmacy PH-177	2252069154
34	Ar-Raqeya Pharmacy PH-178	2251066960
35	Al-Dawaa Alkhobar Pharmacy PH-183	2050110915
36	Al-Bronziah Pharmacy PH-184	2057008987
37	Ar-Raqeya Pharmacy PH-190	2251067363
38	Ar-Raqeya Pharmacy PH-193	2251066357
39	Al-Bronziah Pharmacy PH-194	2252067365
40	Ar-Raqeya Pharmacy PH-197	2059004069
41	Al-Dawaa Alkhobar Pharmacy PH-198	2050110916
42	Al Masy Pharmacy PH-199	2055025545
43	Al-Awwali Pharmacy PH-201	3350044539
44	Al-Awwali Pharmacy PH-202	3550038803
45	Al-Awwali Pharmacy PH-203	3550038761
46	Al-Awwali Pharmacy PH-204	3550038806
47	Al-Awwali Pharmacy PH-205	3550038764
48	Al-Awwali Pharmacy PH-206	3550038762
49	Al-Awwali Pharmacy PH-208	3554001572
50	Al-Awwali Pharmacy PH-209	3550038802
51	Al-Awwali Pharmacy PH-210	3550038805
52	Al-Awwali Pharmacy PH-212	3350140069
53	Al Masy Pharmacy PH-280	2251068493
54	Ar-Raqeya Pharmacy PH-281	2250068491
55	Ar-Raqeya Pharmacy PH-283	2059004105
56	Al-Mutamayiz Pharmacy PH-301	2051029287
57	Al-Mutamayiz Pharmacy PH-302	2051039274
58	Al Zahabi Pharmacy PH-303	2051042673
59	Al Zahabi Pharmacy PH-304	2050070195
60	Al Zahabi Pharmacy PH-305	2051042674
61	Al-Mutamayiz Pharmacy PH-306	2050070196
62	Al Mutatawera Pharmacy PH-307	2050075220
63	Al Mutatawera Pharmacy PH-308	2050090993
64	Al Masy Pharmacy PH-309	2055026334
65	Al Mutatawera Pharmacy PH-310	2050240504
66	Al-Dawaa Alkhobar Pharmacy PH-311	2051064411
67	Al Mutatawer Pharmacy PH-313	2062617181
68	Al Afdl Pharmacy PH-332	2050072670
69	Al Afdl Pharmacy PH-333	2050072667
70	Al Afdl Pharmacy PH-334	2050072669
71	Al Afdl Pharmacy PH-335	2052001723
72	Al Mutatawer Pharmacy PH-337	2057004170
73	Al Amthal Pharmacy PH-338	2050073541
74	Al Amthal Pharmacy PH-339	2050073540
75	Al Mutatawer Pharmacy PH-340	2059002214
76	Al Mutatawer Pharmacy PH-341	2055013313
77	Al Amthal Pharmacy PH-342	2050075167
78	Al Afdl Pharmacy PH-343	2050075237
79	Al Amthal Pharmacy PH-344	2050075219
80	Al Amthal Pharmacy PH-345	2050075232
81	Al Mutatawer Pharmacy PH-346	2250041854
82	Al Amthal Pharmacy PH-347	2050093866
83	Al Amthal Pharmacy PH-348	2050077089
84	Al Mutatawer Pharmacy PH-349	2511012011
85	Al Mutatawer Pharmacy PH-350	2511012012
86	Al Mutatawer Pharmacy PH-351	2511014301
87	Al Mutatawer Pharmacy PH-352	2511022510
88	Al Amthal Pharmacy PH-353	2050077094
89	Al Mutatawer Pharmacy PH-354	2055013791
90	Al Mutatawer Pharmacy PH-355	2055014589
91	Al Mutatawer Pharmacy PH-356	2055013790
92	Al Afdl Pharmacy PH-357	2051046438
93	Al Amthal Pharmacy PH-358	2051046439
94	Al Amthal Pharmacy PH-360	2050077086
95	Al Amthal Pharmacy PH-362	2051047154
96	Al Mutatawer Pharmacy PH-363	2062024480
97	AR Raed Pharmacy PH-364	2251043900
98	AR Raed Pharmacy PH-365	2251043898
99	Al Fa'al Pharmacy PH-366	2058000080
100	AR Raed Pharmacy PH-367	2056002631
101	AR Raed Pharmacy PH-368	2066003314
102	Al Amthal Pharmacy PH-369	2050079413
103	Al Amthal Pharmacy PH-370	2052001856
104	Al Amthal Pharmacy PH-371	2050079436
105	Al Amthal Pharmacy PH-372	2050079332
106	Al Amthal Pharmacy PH-373	2050079315
107	Al Mutatawer Pharmacy PH-374	2057004744
108	Al Amthal Pharmacy PH-375	2050082481

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34 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number
109	Al Afdl Pharmacy PH-376	2052001892
110	Al Afdl Pharmacy PH-377	2051048430
111	Al Zahabi Pharmacy PH-382	2050082482
112	Al Zahabi Pharmacy PH-383	2050079718
113	Al Zahabi Pharmacy PH-384	2050087382
114	AR Raed Pharmacy PH-385	2251044318
115	AR Raed Pharmacy PH-387	2055015389
116	Al Zahabi Pharmacy PH-388	2051048431
117	AR Raed Pharmacy PH-390	2252044742
118	Al Mumayaz Pharmacy PH-392	2057004780
119	Al Zahabi Pharmacy PH-393	2050082484
120	Al Mumayaz Pharmacy PH-394	2057004975
121	Al Mutatawer Pharmacy PH-395	2511016311
122	AR Raed Pharmacy PH-396	2511015282
123	AR Raed Pharmacy PH-397	2512005922
124	Al Zahabi Pharmacy PH-398	2050082483
125	AR Raed Pharmacy PH-399	2511015283
126	Al Mutamayiza Pharmacy PH-401	3450008684
127	Al Mutamayiza Pharmacy PH-402	3450008184
128	AR Raed Pharmacy PH-403	3450008685
129	AR Raed Pharmacy PH-404	3450009246
130	Al Mutamayiza Pharmacy PH-406	3451001276
131	Al Mutamayiza Pharmacy PH-407	3550022449
132	Al Mutamayiza Pharmacy PH-408	3550022442
133	Al Mutamayiza Pharmacy PH-409	3550022454
134	AR Raed Pharmacy PH-410	3550022441
135	AR Raed Pharmacy PH-411	3550022455
136	Al Mutamayiza Pharmacy PH-412	2550022448
137	Al Mutamayiza Pharmacy PH-413	3555000745
138	Al Mutamayiza Pharmacy PH-414	3552000716
139	Al Mutamayiza Pharmacy PH-415	3554000741
140	Al Mutamayiza Pharmacy PH-416	3450009245
141	Al Mutamayiza Pharmacy PH-418	3400010856
142	Al Mutamayiza Pharmacy PH-419	3401010857
143	Al Mutamayiza Pharmacy PH-421	3550032445
144	AR Raed Pharmacy PH-422	3453002329
145	AR Raed Pharmacy PH-423	3400010858
146	AR Raed Pharmacy PH-424	3400010861
147	AR Raed Pharmacy PH-425	3550022612
148	AR Raed Pharmacy PH-426	3553000721
149	AR Raed Pharmacy PH-427	4701000505
150	AR Raed Pharmacy PH-428	3452004992
151	Al Mutamayiza Pharmacy PH-429	3402019604
152	AR Raed Pharmacy PH-430	3550024085
153	Al Mutamayiza Pharmacy PH-431	3550024384
154	AR Raed Pharmacy PH-432	1122003008
155	Al Fa'al Pharmacy PH-433	3350037950
156	Al Mutamayiza Pharmacy PH-434	1126001068
157	AR Raed Pharmacy PH-435	1123002103
158	Al Mutamayiza Pharmacy PH-436	1120001264
159	Al Fa'al Pharmacy PH-437	3453002855
160	Al Fa'al Pharmacy PH-438	3453002856
161	Al Fa'al Pharmacy PH-439	3450010916
162	Al Fa'al Pharmacy PH-440	3450010915
163	Al Fa'al Pharmacy PH-441	3450010914
164	Al Fa'al Pharmacy PH-442	3550025957
165	Al Fa'al Pharmacy PH-443	3550025958
166	Al Fa'al Pharmacy PH-444	3400013419

Serial	Branch Name	Commercial Registration Number
167	Al Fa'al Pharmacy PH-445	3400013426
168	Al Fa'al Pharmacy PH-446	3400013418
169	Al Fa'al Pharmacy PH-447	3400013423
170	Al Fa'al Pharmacy PH-448	3401013420
171	Al Fa'al Pharmacy PH-449	3401013421
172	Al Fa'al Pharmacy PH-450	3400013424
173	Al Fa'al Pharmacy PH-451	3400013422
174	Al Fa'al Pharmacy PH-453	3550026593
175	Al Fa'al Pharmacy PH-454	3550026622
176	Al Fa'al Pharmacy PH-455	3550026592
177	Al Mutatawer Pharmacy PH-456	3452006324
178	Al Mutatawer Pharmacy PH-457	3452006380
179	Al Mutatawer Pharmacy PH-458	3452006381
180	Al Mutatawer Pharmacy PH-459	3350027068
181	Al Fa'al Pharmacy PH-460	3550026625
182	Al Fa'al Pharmacy PH-461	3550026595
183	Al Fa'al Pharmacy PH-462	3550026594
184	Al Mutatawer Pharmacy PH-463	3350027069
185	Al Mutatawer Pharmacy PH-464	3350027067
186	Al Mutatawer Pharmacy PH-465	3450011286
187	Al Mutatawer Pharmacy PH-466	3453003037
188	Al Mutatawer Pharmacy PH-467	3403016545
189	Al Mutatawer Pharmacy PH-468	3450011285
190	Al Mutatawer Pharmacy PH-469	3550027364
191	Al Mutatawer Pharmacy PH-470	3451001915
192	AR Raed Pharmacy PH-471	3452007443
193	AR Raed Pharmacy PH-472	3452006870
194	AR Raed Pharmacy PH-474	3450011877
195	AR Raed Pharmacy PH-475	3450011878
196	AR Raed Pharmacy PH-476	2550027912
197	AR Raed Pharmacy PH-477	3409014917
198	AR Raed Pharmacy PH-478	3400014918
199	AR Raed Pharmacy PH-479	3401015958
200	Al Mumayaz Pharmacy PH-481	3550029160
201	Al Mumayaz Pharmacy PH-482	3550028648
202	Al Mumayaz Pharmacy PH-483	3550028651
203	Al Mumayaz Pharmacy PH-484	3550028649
204	Al Mumayaz Pharmacy PH-485	3550029159
205	Al Mumayaz Pharmacy PH-488	3550029155
206	Al Mumayaz Pharmacy PH-489	3550029157
207	AR Raed Pharmacy PH-490	1130001549
208	Al Feddi Pharmacy PH-493	3450008884
209	Al Masy Pharmacy PH-494	3452009029
210	Al Mumayaz Pharmacy PH-495	3401016243
211	AR Raed Pharmacy PH-496	3400016189
212	Al Feddi Pharmacy PH-498	3403016196
213	Al Masy Pharmacy PH-499	3402001324
214	Al Fa'al Pharmacy PH-501	2065001581
215	Al Platinum Pharmacy PH-502	1134001423
216	Al Mutatawer Pharmacy PH-503	1011015933
217	Al Fa'al Pharmacy PH-504	2511011432
218	Al Mutatawer Pharmacy PH-505	1111001742
219	Al Mutatawer Pharmacy PH-506	1125000912
220	Al Fa'al Pharmacy PH-507	1117002410
221	Al Fa'al Pharmacy PH-508	1111001477
222	AR Raed Pharmacy PH-509	1010329314
223	Al Mumayaz Pharmacy PH-510	1113002526
224	Al Mumayaz Pharmacy PH-511	1019000822

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34 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number
225	Al Platinum Pharmacy PH-512	3453004687
226	Al-Bronziah Pharmacy PH-513	1011139175
227	Al Feddi Pharmacy PH-515	3450014582
228	Al Platinum Pharmacy PH-516	3350039958
229	Al Platinum Pharmacy PH-517	3350039004
230	Al Masy Pharmacy PH-518	1120001637
231	Al Masy Pharmacy PH-519	1011019547
232	Al Masy Pharmacy PH-520	1018000455
233	Al Masy Pharmacy PH-521	1123003529
234	Al Masy Pharmacy PH-522	1011019546
235	Al Platinum Pharmacy PH-523	3350039005
236	Al Platinum Pharmacy PH-524	3350039006
237	Al Masy Pharmacy PH-525	3564000257
238	Al Masy Pharmacy PH-526	3550030612
239	Al Platinum Pharmacy PH-527	3550030579
240	Al Platinum Pharmacy PH-529	3550030580
241	Al Platinum Pharmacy PH-530	3350041316
242	Al Masy Pharmacy PH-531	3350041292
243	Al Masy Pharmacy PH-532	1133004699
244	Al Feddi Pharmacy PH-533	1126001819
245	Al Platinum Pharmacy PH-534	3358012104
246	Al Feddi Pharmacy PH-535	1122004700
247	Al Platinum Pharmacy PH-538	3450014580
248	Al Feddi Pharmacy PH-539	3453004630
249	Al Mutamayiza Pharmacy PH-540	3453004628
250	Al Masy Pharmacy PH-541	1126001818
251	Al Masy Pharmacy PH-542	1011020856
252	Al Platinum Pharmacy PH-543	3450014484
253	Al Feddi Pharmacy PH-544	3450014581
254	Al Platinum Pharmacy PH-545	3451002614
255	Al Platinum Pharmacy PH-546	3450014483
256	Al Mumayaz Pharmacy PH-547	3450014482
257	AR Raed Pharmacy PH-548	3451003004
258	Al Masy Pharmacy PH-549	1122005148
259	Al-Bronziah Pharmacy PH-550	3563000058
260	Al Feddi Pharmacy PH-552	3400018792
261	Al Platinum Pharmacy PH-554	3400018878
262	Al Platinum Pharmacy PH-555	3404018879
263	Al Masy Pharmacy PH-556	3407018877
264	AR Raed Pharmacy PH-557	3402019297
265	AR Raed Pharmacy PH-558	3400019352
266	AR Raed Pharmacy PH-559	3400019351
267	AR Raed Pharmacy PH-562	3556000459
268	Al Platinum Pharmacy PH-563	3350043398
269	AR Raed Pharmacy PH-564	1122005374
270	AR Raed Pharmacy PH-565	1124000572
271	Ar-Raqeya Pharmacy PH-567	3400019496
272	Ar-Raqeya Pharmacy PH-570	3403019493
273	Ar-Raqeya Pharmacy PH-572	3453004629
274	Al-Bronziah Pharmacy PH-573	3453004634
275	Al Platinum Pharmacy PH-576	3350043907
276	Al Masy Pharmacy PH-577	3350043918
277	Ar-Raqeya Pharmacy PH-578	3450015136
278	Al-Bronziah Pharmacy PH-579	3453005278
279	Ar-Raqeya Pharmacy PH-581	3453005240
280	Al Mutamayiza Pharmacy PH-582	3450015381
281	Al Feddi Pharmacy PH-583	3750015382
282	Al Masy Pharmacy PH-584	3350044386
283	Al Mutamayiza Pharmacy PH-585	3555001772
284	Al-Awwali Pharmacy PH-586	3452010644
285	Al-Awwali Pharmacy PH-587	3452010776
286	Al-Awwali Pharmacy PH-588	3457010644
287	Al-Awwali Pharmacy PH-589	3452010460
288	Al-Bronziah Pharmacy PH-590	1011024217
289	Al-Bronziah Pharmacy PH-591	1011024218
290	Al-Awwali Pharmacy PH-592	3350044414
291	Al-Awwali Pharmacy PH-593	3350044538
292	Al-Awwali Pharmacy PH-594	3350044797
293	Al-Awwali Pharmacy PH-595	3350044798
294	Al-Awwali Pharmacy PH-596	3350044540
295	Al-Awwali Pharmacy PH-597	3350044415
296	Al-Awwali Pharmacy PH-598	3350044389
297	Al-Awwali Pharmacy PH-599	3365000297
298	Al Mutatawera Pharmacy PH-601	1010269166
299	Al Mutatawera Pharmacy PH-602	1010269211
300	Al Mutatawera Pharmacy PH-603	1010269221
301	Al Mutatawera Pharmacy PH-604	1010269223
302	Al Mutatawera Pharmacy PH-605	1010269226
303	Al Mutatawera Pharmacy PH-606	1010269228
304	Al Mutatawera Pharmacy PH-607	1010287285
305	Al Mutatawera Pharmacy PH-608	1010269231
306	Al Mutatawera Pharmacy PH-609	1010274185
307	Al Mutatawera Pharmacy PH-610	1010287132
308	Al Mutatawera Pharmacy PH-612	1010269234
309	Al Mutatawera Pharmacy PH-613	1010269236
310	Al Mutatawera Pharmacy PH-614	1010287135
311	Al Mutatawera Pharmacy PH-615	1010287133
312	Al Mutatawera Pharmacy PH-616	1010287284
313	Al Mutatawera Pharmacy PH-627	1010287217
314	Al Mutatawera Pharmacy PH-629	1010287209
315	Al Mutatawera Pharmacy PH-630	1010287213
316	Al Afdl Pharmacy PH-631	1010289013
317	Al Afdl Pharmacy PH-632	1010292849
318	Al Afdl Pharmacy PH-633	1010268243
319	Al Afdl Pharmacy PH-634	1010240407
320	Al Afdl Pharmacy PH-635	1010275326
321	Al Afdl Pharmacy PH-636	1010219685
322	Al Afdl Pharmacy PH-637	1010275319
323	Al Afdl Pharmacy PH-638	1010295841
324	Al Afdl Pharmacy PH-639	1010295846
325	Al Afdl Pharmacy PH-640	1010292846
326	Al Afdl Pharmacy PH-642	1010295843
327	Al Afdl Pharmacy PH-643	1010295839
328	Al Afdl Pharmacy PH-644	1010295844
329	Al Afdl Pharmacy PH-645	1010295842
330	Al Afdl Pharmacy PH-646	1010295840
331	Al Afdl Pharmacy PH-647	1010299837
332	Al Afdl Pharmacy PH-648	1010306298
333	Al Afdl Pharmacy PH-649	1010299840
334	Al Amthal Pharmacy PH-650	1010301178
335	Al Amthal Pharmacy PH-651	1010301147
336	Al Afdl Pharmacy PH-652	1010174995
337	Al Afdl Pharmacy PH-653	1010306377
338	Al Amthal Pharmacy PH-654	1010312217
339	Al Amthal Pharmacy PH-655	1010315346
340	Al Amthal Pharmacy PH-656	1010312221

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34 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number
341	Al Amthal Pharmacy PH-657	1010320408
342	Al Amthal Pharmacy PH-658	1010320413
343	Al Amthal Pharmacy PH-659	1010320418
344	Al Amthal Pharmacy PH-660	1010320415
345	Al Amthal Pharmacy PH-661	1010320411
346	Al Amthal Pharmacy PH-662	1010321417
347	Al Zahabi Pharmacy PH-663	1010331947
348	Al Zahabi Pharmacy PH-664	1010331953
349	Al Zahabi Pharmacy PH-665	1010331950
350	Al Zahabi Pharmacy PH-666	1010331900
351	Al Zahabi Pharmacy PH-667	1010331944
352	Al Zahabi Pharmacy PH-668	1010332117
353	Al Zahabi Pharmacy PH-669	1010332115
354	Al Zahabi Pharmacy PH-670	1010332112
355	Al Zahabi Pharmacy PH-671	1010337187
356	Al Zahabi Pharmacy PH-672	1010337186
357	Al Zahabi Pharmacy PH-673	1010350646
358	Al-Mutamayiz Pharmacy PH-674	1010350315
359	Al-Mutamayiz Pharmacy PH-675	1010350319
360	Al Bronzi Pharmacy PH-676	1010362574
361	Al Bronzi Pharmacy PH-677	1010362565
362	Al Bronzi Pharmacy PH-678	1010362559
363	Al Bronzi Pharmacy PH-679	1010362562
364	Al Bronzi Pharmacy PH-680	1010362569
365	Al Bronzi Pharmacy PH-681	1010362568
366	Al Bronzi Pharmacy PH-682	1010362566
367	Al Bronzi Pharmacy PH-683	1010362573
368	Al Mutatawera Pharmacy PH-684	1010362553
369	Al-Mutamayiz Pharmacy PH-685	1010362582
370	Al-Mutamayiz Pharmacy PH-686	1010362580
371	Al Bronzi Pharmacy PH-687	1010362567
372	Al Bronzi Pharmacy PH-688	1010370399
373	Al-Mutamayiz Pharmacy PH-689	1010370403
374	Al Bronzi Pharmacy PH-690	1010370406
375	Al-Mutamayiz Pharmacy PH-692	1010385580
376	Al Bronzi Pharmacy PH-693	1010385579
377	Al Zahabi Pharmacy PH-694	1010385578
378	Al Bronzi Pharmacy PH-695	1010418221
379	Al Mutatawera Pharmacy PH-697	1010416428
380	Al Mutatawera Pharmacy PH-698	1010416427
381	Al Bronzi Pharmacy PH-699	1010417153
382	Al Zahabi Pharmacy PH-701	2050082486
383	Al Mumayaz Pharmacy PH-702	2250048378
384	Al Mumayaz Pharmacy PH-703	2055015883
385	Al Mumayaz Pharmacy PH-704	2066003484
386	Al-Mutamayiz Pharmacy PH-705	2050086837
387	Al-Mutamayiz Pharmacy PH-706	2050100485
388	Al-Mutamayiz Pharmacy PH-707	2050087385
389	Al-Mutamayiz Pharmacy PH-708	2050087384
390	Al-Mutamayiz Pharmacy PH-709	2051050906
391	Al-Mutamayiz Pharmacy PH-711	2050086835
392	Al Mumayaz Pharmacy PH-712	2055020629
393	Al Mumayaz Pharmacy PH-713	2511017325
394	Al Mumayaz Pharmacy PH-714	2511017248
395	AR Raed Pharmacy PH-715	2252048111
396	Al Mumayaz Pharmacy PH-716	2251048104
397	AR Raed Pharmacy PH-717	2251048106
398	Al-Mutamayiz Pharmacy PH-723	2050088135

Serial	Branch Name	Commercial Registration Number
399	Al-Mutamayiz Pharmacy PH-724	2051051240
400	Al Masy Pharmacy PH-726	2057006047
401	Al-Mutamayiz Pharmacy PH-727	2050088132
402	Al Bronzi Pharmacy PH-730	2050088131
403	Al Bronzi Pharmacy PH-731	2050088127
404	Al-Mutamayiz Pharmacy PH-732	2050088139
405	Al-Mutamayiz Pharmacy PH-733	2050088137
406	Al Feddi Pharmacy PH-734	2251050128
407	Al Feddi Pharmacy PH-736	2251050129
408	Al Feddi Pharmacy PH-738	2056004038
409	Al Platinum Pharmacy PH-739	2056003977
410	Al Bronzi Pharmacy PH-740	2051057635
411	Al Masy Pharmacy PH-742	2056004468
412	Al Bronzi Pharmacy PH-743	2050090366
413	Al Bronzi Pharmacy PH-744	2050090365
414	Al Masy Pharmacy PH-745	2055020769
415	Al-Mutamayiz Pharmacy PH-746	2051053461
416	Al-Mutamayiz Pharmacy PH-747	2051052375
417	Al Masy Pharmacy PH-748	2062032624
418	Al Feddi Pharmacy PH-749	2251050884
419	Al Bronzi Pharmacy PH-750	2050100486
420	Al Bronzi Pharmacy PH-751	2050090367
421	Al Bronzi Pharmacy PH-752	2051057636
422	Al-Ththania Pharmacy PH-753	2511108582
423	Al-Ththania Pharmacy PH-754	2511108583
424	Al Masy Pharmacy PH-755	2511020985
425	Al Feddi Pharmacy PH-759	2251052660
426	Al Feddi Pharmacy PH-760	2511022835
427	Al Platinum Pharmacy PH-761	2511022838
428	Al Feddi Pharmacy PH-762	2250062015
429	Al Feddi Pharmacy PH-763	2511022836
430	Al Feddi Pharmacy PH-764	2055024131
431	Al Platinum Pharmacy PH-765	2511022837
432	Al Mumayaz Pharmacy PH-766	2511022834
433	Al Mumayaz Pharmacy PH-767	2056005299
434	Al Bronzi Pharmacy PH-768	2050100488
435	Al Mumayaz Pharmacy PH-769	2251061678
436	Al Feddi Pharmacy PH-770	2055024132
437	Al Mumayaz Pharmacy PH-771	2056005300
438	Al Zahabi Pharmacy PH-772	2051057634
439	Al Mutamayiza Pharmacy PH-774	2251061832
440	Al Platinum Pharmacy PH-775	2511022853
441	Al Mumayaz Pharmacy PH-776	2511022833
442	Al Mutatawera Pharmacy PH-777	2051057088
443	Ar-Raqeya Pharmacy PH-778	2059003888
444	Al Mutatawera Pharmacy PH-779	2050105563
445	Al Mutatawera Pharmacy PH-780	2050111031
446	Al Mutatawera Pharmacy PH-781	2050105504
447	Al Mutatawera Pharmacy PH-783	2050105562
448	Al Platinum Pharmacy PH-785	2511024575
449	Al Mutatawera Pharmacy PH-787	2050105530
450	Al-Mufadal Pharmacy PH-788	2050105668
451	Al Mutatawera Pharmacy PH-789	2050105532
452	Al Platinum Pharmacy PH-790	2511023563
453	Al Mutamayiza Pharmacy PH-791	2511023564
454	Al Platinum Pharmacy PH-792	2511023571
455	Al Mutatawera Pharmacy PH-793	2050105529
456	Al-Mufadal Pharmacy PH-794	2050105669

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34 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number
457	Al-Bronziah Pharmacy PH-795	2057007892
458	Al-Mufadal Pharmacy PH-796	2051061742
459	Ar-Raqeya Pharmacy PH-797	2251062538
460	Al-Mufadal Pharmacy PH-798	2051061773
461	Al Mutatawera Pharmacy PH-799	2051061748
462	Al Bronzi Pharmacy PH-801	1010417157
463	Al Bronzi Pharmacy PH-802	1010423869
464	Al Mutatawera Pharmacy PH-803	1010432346
465	Al-Mutamayiz Pharmacy PH-804	1010432351
466	Al-Mutamayiz Pharmacy PH-805	1010432084
467	Al Mutatawera Pharmacy PH-806	1010432350
468	Al Mutatawera Pharmacy PH-808	1010432347
469	Al Mutatawera Pharmacy PH-809	1010432292
470	Al Mutatawera Pharmacy PH-810	1010432348
471	Al-Mufadal Pharmacy PH-811	1010434293
472	Al-Mufadal Pharmacy PH-812	1010434294
473	Al-Mufadal Pharmacy PH-813	1010434295
474	Al-Mufadal Pharmacy PH-814	1010434365
475	Al-Mufadal Pharmacy PH-815	1010434371
476	Al Mutatawera Pharmacy PH-817	1010434382
477	Al-Mufadal Pharmacy PH-818	1010434373
478	Al-Mufadal Pharmacy PH-819	1010434381
479	Al Mutatawera Pharmacy PH-820	1010434383
480	Al Mutatawera Pharmacy PH-821	1010436022
481	Al Mutatawera Pharmacy PH-822	1010437310
482	Al-Mufadal Pharmacy PH-824	1010437305
483	Al-Mufadal Pharmacy PH-825	1010437311
484	Al Mutatawera Pharmacy PH-826	1010463059
485	Al-Mufadal Pharmacy PH-827	1010463166
486	Al Mutatawera Pharmacy PH-828	1010463674
487	Al Mutatawera Pharmacy PH-829	1010463057
488	Al-Mufadal Pharmacy PH-830	1010463170
489	Al-Mufadal Pharmacy PH-831	1010463171
490	Al-Mufadal Pharmacy PH-832	1010463168
491	Al-Mufadal Pharmacy PH-833	1010463167
492	Al-Mufadal Pharmacy PH-835	1010463164
493	Al Zahabi Pharmacy PH-836	1010463156
494	Al-Bronziah Pharmacy PH-838	1115003951
495	Al Zahabi Pharmacy PH-839	1010464468
496	Al-Bronziah Pharmacy PH-840	1128019698
497	Al Mutawara Pharmacy PH-841	1010463752
498	Al-Mufadal Pharmacy PH-842	1010466092
499	Al-Mufadal Pharmacy PH-843	1010466090
500	Al Mutawara Pharmacy PH-844	1010466099
501	Al-Mufadal Pharmacy PH-845	1010466091
502	Al-Mufadal Pharmacy PH-846	1010467586
503	Al-Mutamayiz Pharmacy PH-847	1010467904
504	Al Mutawara Pharmacy PH-848	1010466114
505	Al Mutawara Pharmacy PH-849	1010608092
506	Al Mutawara Pharmacy PH-850	1010466108
507	Al Mutawara Pharmacy PH-851	1010466109
508	Al Mutawara Pharmacy PH-853	1010608085
509	Al Mutawara Pharmacy PH-854	1010466104
510	Al-Bronziah Pharmacy PH-855	1116011565
511	Al Mutawara Pharmacy PH-856	1010466116
512	Al Mutawara Pharmacy PH-857	1010466106
513	Al Mutawara Pharmacy PH-858	1010466103
514	Al-Mufadal Pharmacy PH-859	1010466093

Serial	Branch Name	Commercial Registration Number
515	Al-Mufadal Pharmacy PH-860	1010610110
516	Al Mutawara Pharmacy PH-861	1010608077
517	Al Mutawara Pharmacy PH-862	1010612371
518	Al Mutawara Pharmacy PH-864	1010608087
519	Al-Mufadal Pharmacy PH-865	1010612078
520	Al Mutawara Pharmacy PH-866	1010466117
521	Al Mutawara Pharmacy PH-867	1010608076
522	Al-Mufadal Pharmacy PH-868	1010610111
523	Al Mutawara Pharmacy PH-870	1010466107
524	Al Mutawara Pharmacy PH-871	1010466129
525	Al Mutawara Pharmacy PH-873	1010467572
526	Al Mutawara Pharmacy PH-874	1010608084
527	Al-Mutamayiz Pharmacy PH-875	1010611594
528	Al Mutawara Pharmacy PH-876	1010608091
529	Al Mutawara Pharmacy PH-877	1010608081
530	Al-Bronziah Pharmacy PH-878	1134003933
531	Al-Mutamayiz Pharmacy PH-879	1010608703
532	Al-Bronziah Pharmacy PH-882	1132107166
533	Al-Mutamayiz Pharmacy PH-883	1010612373
534	Al Mutawara Pharmacy PH-889	1010452834
535	Al Mutawara Pharmacy PH-890	1010452920
536	Al Mutawara Pharmacy PH-891	1010460516
537	Al Mutawara Pharmacy PH-892	1010458645
538	Al Zahabi Pharmacy PH-895	1010463056
539	Al-Dawaa Al-Baha Pharmacy PH-901	4030279550
540	Al-Dawaa Al-Baha Pharmacy PH-902	4030280573
541	Al-Dawaa Al-Baha Pharmacy PH-903	4030280579
542	Al-Dawaa Al-Baha Pharmacy PH-904	4030280571
543	Al-Dawaa Al-Baha Pharmacy PH-905	4030280572
544	Al-Dawaa Al-Baha Pharmacy PH-906	4030280577
545	Al-Dawaa Al-Baha Pharmacy PH-907	4030280574
546	Al-Dawaa Al-Baha Pharmacy PH-908	4030280970
547	Al-Dawaa Al-Baha Pharmacy PH-909	4030280576
548	Al-Dawaa Al-Baha Pharmacy PH-910	4030280969
549	Al-Dawaa Al-Baha Pharmacy PH-911	4030280973
550	Al-Dawaa Al-Baha Pharmacy PH-912	4030280972
551	Al-Dawaa Al-Baha Pharmacy PH-913	4030280971
552	Al-Dawaa Al-Baha Pharmacy PH-914	4030281802
553	Al-Dawaa Al-Baha Pharmacy PH-915	4030281801
554	Al-Dawaa Al-Baha Pharmacy PH-916	4030282224
555	Al-Dawaa Al-Baha Pharmacy PH-917	4030282375
556	Al-Dawaa Al-Baha Pharmacy PH-918	4030282369
557	Al-Dawaa Al-Baha Pharmacy PH-919	4030282378
558	Al-Dawaa Al-Baha Pharmacy PH-920	4030282377
559	Al-Dawaa Al-Baha Pharmacy PH-921	4030282745
560	Al-Dawaa Al-Baha Pharmacy PH-922	4030282748
561	Al-Dawaa Al-Baha Pharmacy PH-923	4030283636
562	Al-Dawaa Al-Baha Pharmacy PH-924	4030283640
563	Al-Dawaa Al-Baha Pharmacy PH-925	4030283638
564	Al-Dawaa Al-Baha Pharmacy PH-926	4030283639
565	Al-Dawaa Al-Baha Pharmacy PH-927	4030284421
566	Al-Dawaa Al-Baha Pharmacy PH-928	4030284420
567	Al-Dawaa Al-Baha Pharmacy PH-929	4030284417
568	Al-Dawaa Al-Baha Pharmacy PH-930	4030284416
569	Al Dawaa Jeddah Pharmacy PH-931	4030286840
570	Al Dawaa Jeddah Pharmacy PH-932	4030284177
571	Al Dawaa Jeddah Pharmacy PH-933	4030286836
572	Al Dawaa Jeddah Pharmacy PH-934	4030286839

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
At 31 December 2018

34 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number	Serial	Branch Name	Commercial Registration Number
573	Al Dawaa Jeddah Pharmacy PH-935	4030286838	618	Al Masyah Pharmacy PH-1010	5900034946
574	Al Dawaa Jeddah Pharmacy PH-937	4030286841	619	Al Masyah Pharmacy PH-1011	5900034945
575	Al Dawaa Jeddah Pharmacy PH-938	4030286837	620	Al Masyah Pharmacy PH-1013	5950032607
576	Al-Dawaa Alkhobar Pharmacy PH-939	4650081086	621	Al Feddiah Pharmacy PH-1014	4603009024
577	Al Dawaa Jeddah Pharmacy PH-940	4030290245	622	Al Zahabiah Pharmacy PH-1015	5852007102
578	Al Mumayazah Pharmacy PH-941	4650081067	623	Al Feddiah Pharmacy PH-1016	5852007087
579	Al Mumayazah Pharmacy PH-942	4650081068	624	Al Feddiah Pharmacy PH-1017	5852007086
580	Al Dawaa Jeddah Pharmacy PH-943	4030290259	625	Al Zahabiah Pharmacy PH-1018	4700020118
581	Al Dawaa Jeddah Pharmacy PH-944	4030290261	626	Al Zahabiah Pharmacy PH-1019	4700020116
582	Al Dawaa Jeddah Pharmacy PH-945	4030290262	627	Al Zahabiah Pharmacy PH-1020	4700020115
583	Al Dawaa Jeddah Pharmacy PH-946	4030290258	628	Al Zahabiah Pharmacy PH-1021	4700020119
584	Al Dawaa Jeddah Pharmacy PH-947	4030290263	629	Al Masyah Pharmacy PH-1022	5900035485
585	Al Dawaa Jeddah Pharmacy PH-948	4030290265	630	Al Masyah Pharmacy PH-1023	5907035486
586	Al Dawaa Jeddah Pharmacy PH-949	4030290266	631	Al Feddiah Pharmacy PH-1024	5855070181
587	Al Dawaa Jeddah Pharmacy PH-950	4030290267	632	Al Feddiah Pharmacy PH-1025	5855070182
588	Al Mumayazah Pharmacy PH-951	4650082024	633	Al Feddiah Pharmacy PH-1026	5855070250
589	Al Mumayazah Pharmacy PH-952	4650082021	634	Al Feddiah Pharmacy PH-1027	5850070183
590	Al Mumayazah Pharmacy PH-953	4650082193	635	Al Masyah Pharmacy PH-1028	5950032734
591	Al Mumayazah Pharmacy PH-954	4650082192	636	Al Masyah Pharmacy PH-1029	5950032736
592	Al Mumayazah Pharmacy PH-955	4650082022	637	Al Masyah Pharmacy PH-1030	5900034944
593	Al Dawaa Jeddah Pharmacy PH-956	4031098733	638	Al Zahabiah Pharmacy PH-1031	5800021330
594	Al Dawaa Jeddah Pharmacy PH-957	4031098737	639	Al Masyah Pharmacy PH-1032	5950032735
595	Al Dawaa Jeddah Pharmacy PH-958	4031098734	640	Al Feddiah Pharmacy PH-1033	5855070251
596	Al Dawaa Jeddah Pharmacy PH-959	4031098741	641	Al Zahabiah Pharmacy PH-1034	5852007163
597	Al Dawaa Jeddah Pharmacy PH-960	4031098735	642	Al Feddiah Pharmacy PH-1036	5860070362
598	Al Dawaa Jeddah Pharmacy PH-961	4031098740	643	Al Feddiah Pharmacy PH-1037	5864070247
599	Al Dawaa Jeddah Pharmacy PH-962	4031098736	644	Al Zahabiah Pharmacy PH-1038	5801021333
600	Al Mumayazah Pharmacy PH-963	4650082023	645	Al Masyah Pharmacy PH-1039	5906035837
601	Al Dawaa Jeddah Pharmacy PH-964	4030291539	646	Al Feddiah Pharmacy PH-1041	5852007125
602	Al Dawaa Jeddah Pharmacy PH-965	4031098739	647	Al Zahabiah Pharmacy PH-1042	4700020114
603	Al Mumayazah Pharmacy PH-966	4650082305	648	Al Zahabiah Pharmacy PH-1043	4700020117
604	Al Zahabiah Pharmacy PH-967	4652001043	649	Al Feddiah Pharmacy PH-1044	5850120199
605	Al Dawaa Jeddah Pharmacy PH-970	4030305378	650	Al Masyah Pharmacy PH-1045	5903502122
606	Al Dawaa Jeddah Pharmacy PH-971	4030305377	651	Al Masyah Pharmacy PH-1046	5911503122
607	Al Dawaa Jeddah Pharmacy PH-973	4030309900	652	Al Feddiah Pharmacy PH-1048	5850121762
608	Al Mumayazah Pharmacy PH-975	4030317463	653	Al Feddiah Pharmacy PH-1049	5850121786
609	Al-Bronziah Pharmacy PH-1001	5800018718	654	Al Feddiah Pharmacy PH-1050	5850121784
610	Al Zahabiah Pharmacy PH-1002	5851008690	655	Al Feddiah Pharmacy PH-1052	5855341407
611	Al Zahabiah Pharmacy PH-1003	5851008692	656	Al Feddiah Pharmacy PH-1054	5850121852
612	Al Zahabiah Pharmacy PH-1004	5851008691	657	Ar-Raqeya Pharmacy PH-1200	4032049033
613	Al Zahabiah Pharmacy PH-1005	5854001642	658	Al Zahabiah Pharmacy PH-1201	4034001832
614	Al Feddiah Pharmacy PH-1006	5850069828	659	Al Zahabiah Pharmacy PH-1202	4032050601
615	Al Feddiah Pharmacy PH-1007	5857069826	660	Al Zahabiah Pharmacy PH-1203	4032050710
616	Al Feddiah Pharmacy PH-1008	5855069827	661	Al Zahabiah Pharmacy PH-1204	4033001373
617	Al Feddiah Pharmacy PH-1009	5864069829	662	Al Zahabiah Pharmacy PH-1205	4036001833

Al Dawaa Medical Services Company Limited

(A Limited Liability Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF AL DAWAA MEDICAL SERVICES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY)

Opinion

We have audited the financial statements of Al Dawaa Medical Services Company Limited (A Limited Liability Company) ("the Company"), which comprise the statement of the financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in partners' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants.

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 Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Certified Public Accountants and the provisions of Companies' Law and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF AL DAWAA MEDICAL SERVICES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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Building a better working world

INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF AL DAWAA MEDICAL SERVICES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
We communicate with the management 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.

for Ernst & Young

Marwan Al-Afaliq
Certified Public Accountant
Registration No. 422

26 Ramadan 1441H
19 May 2020

Alkhobar

شركة ارنست ويونغ وشركاهم محاسبون قانونيون
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ترخيص مهني رقم ٤٥
PROFESSIONAL LICENCE No. 45
ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	***2019*** ***SR***	*2018* *SR*
Net sales	7	**3,962,426,676**	3,797,197,456
Cost of sales		**(2,375,471,810)**	(2,318,515,749)
GROSS PROFIT		**1,586,954,866**	1,478,681,707
EXPENSES			
Selling and distribution	8	**(1,195,853,613)**	(1,092,568,457)
General and administration	9	**(95,183,233)**	(92,588,105)
OPERATING PROFIT		**295,918,020**	293,525,145
Finance costs	10	**(81,541,210)**	(72,855,952)
Other income, net	11	**29,598,368**	8,971,232
PROFIT BEFORE ZAKAT		**243,975,178**	229,640,425
Zakat	12	**(10,771,410)**	(1,309,809)
PROFIT FOR THE YEAR		**233,203,768**	228,330,616
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on employees' terminal benefits	24	**4,506,066**	4,055,109
Gain on equity instruments at fair value through other comprehensive income	16	**7,442,636**	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**11,948,702**	4,055,109
TOTAL COMPREHENSIVE INCOME		**245,152,470**	232,385,725

The attached notes from 1 to 36 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	***2019 SR***	*2018 SR*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	13	**603,503,002**	602,613,998
Right-of-use assets	23	**721,519,928**	742,847,140
Software cost	14	**12,854,763**	14,269,128
Investment in unconsolidated subsidiaries	15	**204,739**	204,739
Equity instruments at fair value through other comprehensive income	16	**104,461,973**	-
TOTAL NON-CURRENT ASSETS		**1,442,544,405**	1,359,935,005
CURRENT ASSETS			
Inventories	17	**1,291,811,481**	1,304,922,406
Right to returned asset	18	**926,459**	1,245,870
Accounts receivable and prepayments	19	**317,114,733**	234,496,023
Amounts due from related parties	20	**1,702,924**	775,867
Bank balances and cash	21	**85,046,675**	107,679,405
TOTAL CURRENT ASSETS		**1,696,602,272**	1,649,119,571
TOTAL ASSETS		**3,139,146,677**	3,009,054,576
PARTNERS' EQUITY AND LIABILITIES			
PARTNERS' EQUITY			
Capital	22	**10,000,000**	10,000,000
Proposed increase in capital	22	**51,500,000**	51,500,000
Statutory reserve		**5,000,000**	5,000,000
Retained earnings		**902,871,863**	796,719,393
TOTAL PARTNERS' EQUITY		**969,371,863**	863,219,393
NON-CURRENT LIABILITIES			
Lease liability	23	**587,775,837**	579,737,560
Employees' terminal benefits	24	**89,596,283**	82,161,291
TOTAL NON-CURRENT LIABILITIES		**677,372,120**	661,898,851
CURRENT LIABILITIES			
Accounts payable and accruals	25	**557,357,047**	586,488,554
Amounts due to related parties	20	**7,763,221**	9,294,721
Current portion of lease liabilities	23	**145,413,040**	147,145,821
Contract liabilities	26	**28,162,329**	24,964,458
Refund liability	27	**1,593,152**	2,155,679
Bank overdrafts	28	**-**	218,729
Short term loans	28	**719,997,838**	698,994,329
Swap derivatives	29	**19,958,625**	4,311,746
Zakat provision	12	**12,157,442**	10,362,295
TOTAL CURRENT LIABILITIES		**1,492,402,694**	1,483,936,332
TOTAL LIABILITIES		**2,169,774,814**	2,145,835,183
TOTAL PARTNERS' EQUITY AND LIABILITIES		**3,139,146,677**	3,009,054,576

The attached notes from 1 to 36 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF CHANGES IN PARTNERS' EQUITY

For the year ended 31 December 2019

	Capital *SR*	*Proposed increase in capital* *SR*	*Statutory reserve* *SR*	*Retained earnings* *SR*	*Total* *SR*
As at 1 January 2018	10,000,000	51,500,000	5,000,000	675,333,668	741,833,668
Profit for the year	-	-	-	228,330,616	228,330,616
Other comprehensive income	-	-	-	4,055,109	4,055,109
Total comprehensive income	-	-	-	232,385,725	232,385,725
Dividends paid	-	-	-	(111,000,000)	(111,000,000)
Balance at 31 December 2018	10,000,000	51,500,000	5,000,000	796,719,393	863,219,393
Profit for the year	-	-	-	233,203,768	233,203,768
Other comprehensive income	-	-	-	11,948,702	11,948,702
Total comprehensive income	-	-	-	245,152,470	245,152,470
Dividends paid	-	-	-	(139,000,000)	(139,000,000)
Balance at 31 December 2019	**10,000,000**	**51,500,000**	**5,000,000**	**902,871,863**	**969,371,863**

The attached notes 1 to 36 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	***2019 SR***	*2018 SR*
OPERATING ACTIVITIES			
Profit before zakat		**243,975,178**	229,640,425
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation for property and equipment	13	**146,698,830**	136,492,570
Depreciation for right-of-use assets	23	**161,719,830**	166,610,360
Gain on disposal of property and equipment	11	**(1,661,423)**	(160,230)
Loss on disposal of right-of-use assets	11	**1,112,959**	-
Property and equipment write off	8	**7,841,886**	4,753,423
Amortisation of software cost	14	**4,417,860**	3,268,811
Provision for employees' terminal benefits	24	**14,074,010**	14,691,836
Finance costs	10	**81,541,210**	72,855,952
		659,720,340	628,153,147
Working capital adjustments			
Accounts receivable and prepayments		**(82,618,710)**	(23,068,647)
Inventories		**13,110,925**	(85,529,651)
Right to returned asset		**319,411**	2,980,424
Amounts due from related parties		**(927,057)**	3,615,390
Accounts payable and accruals		**(29,131,507)**	(39,979,167)
Amounts due to related parties		**(1,531,500)**	5,216,965
Refund liability		**(562,527)**	(5,475,211)
Contract liabilities		**3,197,871**	1,597,713
Cash flows from operations		**561,577,246**	487,510,963
Finance costs paid		**(32,304,540)**	(32,527,747)
Employees' terminal benefits paid	24	**(5,281,000)**	(16,773,424)
Zakat paid	12	**(8,976,263)**	(14,667,317)
Net cash from operating activities		**515,015,443**	423,542,475
INVESTING ACTIVITIES			
Purchase of property and equipment	13	**(155,630,117)**	(139,196,003)
Proceeds from disposal of property and equipment		**1,861,818**	581,805
Settlement for closure of certain lease contracts of branches		**(3,799,500)**	-
Additions to software cost	14	**(3,003,495)**	(8,754,591)
Purchase of equity instruments at fair value through other comprehensive income	16	**(97,019,337)**	-
Net cash used in investing activities		**(257,590,631)**	(147,368,789)
FINANCING ACTIVITIES			
Net movement in bank overdrafts		**(218,729)**	218,729
Net movement in short term loans		**21,003,509**	50,766,493
Repayments of lease liabilities	23	**(161,842,322)**	(190,140,779)
Dividends paid		**(139,000,000)**	(111,000,000)
Net cash used in financing activities		**(280,057,542)**	(250,155,557)
(DECREASE)/INCREASE IN BANK BALANCES AND CASH		**(22,632,730)**	26,018,129
Bank balances and cash at the beginning of the year		**107,679,405**	81,661,276
BANK BALANCES AND CASH AT THE END OF THE YEAR	21	**85,046,675**	107,679,405

The attached notes from 1 to 36 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2019

	Note	***2019 SR***	*2018 SR*
SIGNIFICANT NON-CASH TRANSACTIONS:			
Transfer from property and equipment to software cost		**-**	1,208,302
Depreciation for right-of-use assets capitalised to property and equipment	13	**-**	2,913,303
Additions to right-of-use assets	23	**134,972,207**	110,128,219
Additions to lease liabilities	23	**134,972,207**	113,041,523
Interest cost on lease liabilities	23	**30,441,743**	31,165,218
Interest cost on employees' benefits	24	**3,148,048**	3,502,460
Remeasurement gain on employees' benefits	24	**4,506,066**	4,055,109
Change in fair value of swap derivatives	10	**15,646,879**	5,660,527
Gain on equity instruments at fair value through other comprehensive income	16	**7,442,636**	-

The attached notes from 1 to 36 form part of these financial statements.

1 CORPORATE INFORMATION

Al Dawaa Medical Services Company Limited (the "Company") is a limited liability Company registered in Al Khobar, Kingdom of Saudi Arabia under Commercial Registration number 2051025701 dated 23 Ramadan 1422H (corresponding to 8 December 2001) with branches in Khobar, Riyadh, Jeddah, and other cities across the Kingdom as detailed in note 36.

The Company is engaged in the following activities:

Retail and wholesale of:

- Medicines, medical products and medical equipment and tools,
- Hospitals' materials and tools,
- Herbs,
- Perfumes, cosmetics and beauty tools and products, and
- Food supplies

Trading services:

- Import, export and marketing on behalf of others, and
- Trading agencies

The Company is also licensed to engage in retail and wholesale of food stuff, computer applications and data basis, wholesale and retail trading in computers and their spare parts and maintenance, as well as the construction and operation of alternate medicine and physiotherapy clinics.

The Company is wholly owned by Saudi partners. The Company's registered office is in Khobar, Kingdom of Saudi Arabia.

The Company has accounted for its investment in subsidiaries at cost and no consolidated financial statements have been prepared as the subsidiaries have not yet commenced any operations. The assets, liabilities and operations of the subsidiaries as of 31 December 2019 and for the year then ended are not expected to be material to the Company's financial statements.

The financial statements of the Company as of 31 December 2019 were authorised for issuance on 19 May 2020 (corresponding to 26 Ramadan 1441H).

2 BASIS OF PREPARATION

2.1 **Statement of compliance**

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

2.2 **Basis of measurement**

These financial statements have been prepared on a historical cost basis except for equity instruments at fair value through other comprehensive income and swap derivatives that have been measured at fair value, using the accrual basis of accounting. For employees' terminal benefits, actuarial present value calculation is used.

2.3 **Functional and presentation currency**

These financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months from the statement of financial position date; or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 **Current versus non-current classification (continued)**

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.2 **Fair value measurement**

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The policies and procedures for both recurring fair value measurement and for non-recurring measurement are evaluated periodically.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3.3 **Revenue recognition**

3.3.1 Sale of goods -retail

The Company operates a chain of retail stores (pharmacies and healthcare stores) selling medicines; perfumes, cosmetics and beauty tools and products. Revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods. However, certain sales are through insurance and other companies. A receivable is recognised by the Company upon transfer of control as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. It is the Company's policy to sell its products to the its customers with a right of return within 72 hours. However, the management concluded that the expected returns based on pattern of historical returns is deemed immaterial, accordingly the management has not accounted for it.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 **Revenue recognition (continued)**

3.3.1 Sale of goods -retail (continued)

The Company operates 'Arbahi' loyalty programme which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can be redeemed for discounts on future purchases, subject to a minimum number of points obtained. A contract liability for the award points is recognised at the time of the sale. Revenue is recognised when the points are redeemed or when they expire 12 months after the initial sale. The transaction price is allocated between the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated based on the discount to be given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Company's historical experience.

3.3.2 Sale of goods -wholesale

The Company sells medicines and cosmetics to the wholesale market. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised by the Company when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Some contracts provide customers with a right of return and volume rebates. Volume rebates based on aggregate sales over a 12 months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebates Accumulated experience is used to estimate and provide for the rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with normal credit terms ,which is consistent with market practice. Rebates are offset against amounts payable by the customer.

Under the Company's standard contract terms and market practice, customers have a right of return. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years and management historical experience. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

3.4 **Cost of sales and operating expenses**

Cost of sales includes of costs previously included in the measurement of the inventory that has been sold to customers. Selling and distribution expenses are those that specifically relate to salesmen, delivery vehicles, and rental of pharmacies as well as expected credit loss. All other expenses, except for financial costs, are classified as general and administration expenses.

Commercial income

The Company has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are received in connection with the purchase of goods for resale from those suppliers. Most of the income received from suppliers relates to adjustments to a core cost price of a product, and as such is considered part of the purchase price for that product. Sometimes receipt of the income is conditional on the Company performing specified actions or satisfying certain performance conditions associated with the purchase of the product. These include achieving agreed purchases or sales volume targets and providing promotional or marketing materials and activities or promotional product positioning. While there is no standard industry definition, these amounts receivable from suppliers in connection with the purchase of goods for resale are generally termed commercial income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 **Cost of sales and operating expenses (continued)**

Commercial income (continued)

Commercial income is recognised when earned by the Company, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract. The income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Company at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Amounts due relating to commercial income are recognised within trade and other receivables, except in cases where the Company currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognised.

3.5 **Foreign currencies**

Transactions in foreign currencies are initially recorded by the Company at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

3.6 **Zakat and indirect taxes**

3.6.1 Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations and are charged to the statement of profit or loss and other comprehensive income.

3.6.2 Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the 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; and
- When receivables and payables are stated with the amount of value added tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.7 **Cash dividend distribution to equity holders**

The Company recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per provisions of Companies' Law, a distribution is authorised when it is approved by the partners. A corresponding amount is recognised directly in statement of changes in partners' equity.

3.8 **Property and equipment**

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated from the date the item of property and equipment are available for its intended use or in respect of self-constructed assets, from the date such assets are ready for the intended use.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold improvements	5 years	Office equipment	6.67 years
Motor vehicles and distribution vans	5 years	Tools and air-conditions	6.67 years
Furniture and fixtures	5 years	Building	25 years

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 **Property and equipment (continued)**

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.9 **Leases**

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

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property	2 -19 years
Plots of land	12.4-16.8 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer note 3.13 Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the statement of profit or loss and other comprehensive income.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and interest charges in respect of lease liability.

3.11 **Intangible assets**

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

Intangible assets are amortised over the useful economic life 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 considered to modify 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 recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

The amortisation period for intangible assets with a finite useful life is as follows:

Software	6.7 years

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income.

3.12 **Investment in unconsolidated subsidiaries**

Investment in subsidiaries, which are in pre-operating phase, is accounted for at cost.

3.13 **Impairment of non-financial assets**

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

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (pre-zakat/tax) that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual asset are allocated. These budgets and forecast calculations are generally covering a five-year period. For longer years, a long-term growth rate is calculated and applied to project future cash flows after the budgeted period.

Impairment losses of continuing operations, including impairment on working capital, if applicable, are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 **Impairment of non-financial assets (continued)**

Irrespective of whether there is any indication of impairment, the Company shall also test intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with respective recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year.

For assets, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income.

3.14 **Inventories**

Inventories comprise goods held for resale. Inventories are valued at the lower of cost and net realisable value using the weighted average cost basis. Directly attributable costs and incomes (including applicable commercial income) are included in the cost of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

3.15 **Financial instruments – initial recognition, subsequent measurement and derecognition**

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.15.1 **Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 **Financial instruments – initial recognition, subsequent measurement and derecognition (continued)**

3.15.1 **Financial assets (continued)**

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) - not applicable to the Company
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets at amortised cost includes accounts receivable and prepayments, bank balances, and amounts due from related parties.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss and other comprehensive income, within finance costs.

The Company has not designated any financial asset as at fair value through profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 **Financial instruments – initial recognition, subsequent measurement and derecognition (continued)**

3.15.1 **Financial assets (continued)**

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) The Company has transferred substantially all the risks and rewards of the asset, or
  b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are more than one year past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.15.2 **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include accounts payable, amounts due to related parties, leases liability, bank overdraft, bank borrowings and derivative financial instruments.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 **Financial instruments – initial recognition, subsequent measurement and derecognition (continued)**

3.15.2 **Financial liabilities (continued)**

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss ("FVTPL")
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss amd other comprehensive income.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Company's financial liability as at fair value through profit or loss include derivative financial instruments.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to accounts payable, amounts due to related parties, leases liability, bank overdraft and bank borrowings

Derecognition

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

3.15.3 **Offsetting of financial instruments**

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

3.16 **Cash and cash equivalents**

Bank balances and cash in the statement of financial position compromise of cash at banks and cash on hand which are subject to insignificant risk of change in value.

3.17 **Statutory reserve**

In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income after deducting losses brought forward in each year until it has built up a reserve equal to 30% of capital. The reserve is not available for distribution. The partners in the prior years have resolved to keep the statutory at 50% of capital.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax (zakat) rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.19 **Employees' benefits**

3.19.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and air fare that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in statement of financial position under accrued expenses.

3.19.2 Employees' defined terminal benefits

The Company operates a non-funded employee terminal benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is re-measured by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations. Net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through other comprehensive income in the period in which they arise. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the statement of profit or loss as past service costs. For the liability for employees' end of service benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour and Workmen Law as well as the Company policy.

3.20 **Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Several amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

As part of the transition for the adoption of International Financial Reporting Standards ("IFRS") as endorsed in KSA, the Company has early adopted "IFRS 16 Leases".

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Other disclosures relating to the exposure to risks and uncertainties include:

- Capital management (Note 32)
- Financial instruments and risk management (Note 31)
- Sensitivity analyses disclosures (Notes 24 and 31)

5.1 **Judgements**

In the process of applying the Company' accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

5.1.1 Determination and allocation of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Company assess the impact of any variable consideration in the contract; due to rebates; right to return and customer loyalty programme. The Company uses the expected value method to estimates the goods that will be returned and volume rebates, because this method best predicts the amount of variable consideration to which the Company will be entitled.

For customer loyalty programme, transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience.

The stand-alone selling price of the product sold is estimated on the basis of the retail price.

5.1.2 Determining the lease term of contracts with renewal and termination options - Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has a lease contract that include extension and termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. The Company has not included the renewal period as part of the lease term for lease of airport facilities as it is not reasonably certain to be exercised.

5.1.3 Component parts of property and equipment

The Company's assets, classified within property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

5.2 **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

5.2.1 Useful lives of property and equipment

Management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

5.2.2 Impairment test of non-financial assets

Impairment of non-financial assets incur when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget and business plan for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

5.2.3 Provision for expected credit losses of trade accounts receivables

The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade accounts receivable and contract assets is disclosed in note 19.

5.2.4 Valuation of employees' terminal benefits

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and other assumptions. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

5.2.5 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

5.2 **Estimates and assumptions (continued)**

5.2.6 Revenue recognition - Estimating stand-alone selling price – Arbahi loyalty programme

The Company estimates the stand-alone selling price of the loyalty points awarded under the Arbahi loyalty programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Company considers breakage which represents the portion of the points issued that will never be redeemed. The Company applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Company considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Company ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 2019, the estimated liability for unredeemed points was SR 28,162,329 (2018: SR 24,964,458).

5.2.7 Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

5.2.8 Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

5.2.9 Commercial income

Management is required to make estimates in determining the amount and timing of recognition of commercial income for some transactions with suppliers. In determining the amount of volume-related allowances recognised in any period, management estimate the probability that the Company will meet contractual target volumes, based on historical and forecast performance. There is limited estimation involved in recognising income for promotional and other allowances. Management assesses its performance against the obligations conditional on earning the income, with the income recognised either over time as the obligations are met, or recognised at the point when all obligations are met, dependent on the contractual requirements. Commercial income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Company at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Management views that the cost of inventories sold (which is inclusive of commercial income) provides a consistent and complete measure of the income statement impact of the overall supplier relationships.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

6.1 Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments to the definition of material is not expected to have a significant impact on the Company's financial statements.

7 NET SALES

	2019	*2018*
	SR	*SR*
Sale of goods - retail	**4,023,410,055**	3,776,773,720
Sale of goods -wholesale	**138,169,203**	135,946,779
Total gross sales	**4,161,579,258**	3,912,720,499
Less:		
Trade discounts	**(165,655,346)**	(80,151,466)
Customers' loyalty program	**(28,630,080)**	(31,846,638)
Rebates	**(4,867,156)**	(3,524,939)
Total discounts	**(199,152,582)**	(115,523,043)
Net sales	**3,962,426,676**	3,797,197,456

8 SELLING AND DISTRIBUTION EXPENSES

	2019	*2018*
	SR	*SR*
Employees' cost	**670,107,369**	618,114,168
Depreciation of right-of-use assets (note 23)	**161,719,830**	163,697,057
Depreciation of property and equipment	**143,671,911**	133,348,627
Marketing, advertising and sales promotions	**68,813,693**	58,396,857
Utilities	**35,042,816**	29,241,178
Repair and maintenance	**29,859,425**	32,476,019
Governmental fees	**15,233,472**	9,258,722
Point of sale commissions	**10,369,590**	9,334,468
Travel and transportation	**8,614,932**	6,957,764
Property and equipment write-off	**7,841,886**	4,753,423
Cargo and packing	**4,322,964**	4,375,422
Allowance/(reversal) for expected credit loss (note 19)	**3,816,462**	(3,402,137)
Stationery and printing	**3,503,989**	2,784,987
Insurance	**3,067,797**	3,645,129
Short-term leases	**1,030,575**	718,666
IT services	**1,281,340**	-
Gifts and free samples	**654,836**	500,540
Car rent and expenses	**396,990**	515,373
Others	**26,503,736**	17,852,194
	1,195,853,613	1,092,568,457

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

9 GENERAL AND ADMINISTRATION EXPENSES

	2019	*2018*
	SR	*SR*
Employees' cost	**45,352,279**	47,373,522
IT services (note 20)	**15,186,106**	15,102,637
Professional fees	**6,374,074**	4,476,423
Short-term leases	**5,031,631**	6,770,144
Amortisation of software cost (note 14)	**4,417,860**	3,268,811
Depreciation of property and equipment	**3,026,919**	3,143,943
Travel	**2,051,233**	1,126,937
Gifts and donation	**1,801,592**	1,817,670
Al-Dawaa magazine and social responsibility	**1,437,580**	4,515,554
Vehicles expenses	**882,482**	750,926
Others	**9,621,477**	4,241,538
	95,183,233	92,588,105

10 FINANCE COSTS

	2019	*2018*
	SR	*SR*
Interest on borrowings and bank overdrafts	**32,304,540**	32,527,747
Interest on lease liabilities (note 23)	**30,441,743**	31,165,218
Change in fair value of swap derivatives	**15,646,879**	5,660,527
Interest cost on employees' terminal benefits (note 24)	**3,148,048**	3,502,460
	81,541,210	72,855,952

11 OTHER INCOME, NET

	2019	*2018*
	SR	*SR*
Gain from foreign currencies exchange	**8,073,886**	2,678,249
Recovery of government charges in relation to employees	**4,372,336**	-
Reversal of liabilities no longer required	**3,733,078**	-
Admin services (note 20)	**2,726,806**	2,360,855
Income from human resource development fund	**2,099,541**	-
Gain on disposal of property and equipment	**1,661,423**	160,230
Lab testing	**1,430,746**	1,318,638
Recovering bad debts previously written off	**1,088,247**	411,182
Insurance claim settlement	**587,782**	142,267
Loss on disposal of right-of-use assets	**(1,112,959)**	-
Others, net	**4,937,482**	1,899,811
	29,598,368	8,971,232

12 ZAKAT

12.1 Charge for the year

The Company is subject to zakat at the rate of 2.578% (2018: 2.5%) of zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

The zakat charge consists of:

	2019	*2018*
	SR	*SR*
Current year provision	**10,771,410**	10,186,769
Adjustment for previous years	**-**	(8,876,960)
Current year provision	**10,771,410**	1,309,809

The provision is based on the following:

	2019	*2018*
	SR	*SR*
Partners' equity	**724,219,393**	671,540,088
Opening provisions and other adjustments	**148,537,892**	106,930,955
Book value of long term assets	**(721,229,217)**	(618,626,547)
	151,528,068	159,844,496
Zakatable results for the year	**270,071,933**	247,626,272
Zakat base	**421,600,001**	407,470,768

The difference between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable results.

12.2 Movements in provision during the year

The movement in the zakat provision was as follows:

	2019	*2018*
	SR	*SR*
At the beginning of the year	**10,362,295**	23,719,803
Provided during the year	**10,771,410**	1,309,809
Payments during the year	**(8,976,263)**	(14,667,317)
At the end of the year	**12,157,442**	10,362,295

12.3 Status of assessments

Zakat assessments have been agreed with the General Authority for Zakat and Tax (GAZT) up to 2016. The Company's zakat return for the years ended 31 December 2017 and 2018 has been filed with the GAZT. However, the assessments have not yet been raised by the GAZT.

Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Kingdom of Saudi Arabia are subject to different interpretations. The assessments to be raised by the GAZT could be different from the declarations filed by the Company.

13 PROPERTY AND EQUIPMENT

For the year ended 31 December 2019

	Land SR	*Leasehold improvements* SR	*Motor vehicles and distribution vans* SR	*Furniture and fixtures* SR	*Office equipment* SR	*Building* SR	*Tools and air-conditions* SR	*Capital work in progress* SR	***Total*** ***SR***
Cost:									
At 1 January 2019	34,549,542	478,451,491	106,176,119	213,861,069	44,345,719	212,221,225	92,085,625	6,486,434	1,188,177,224
Additions	-	9,927,343	5,148,275	31,626,013	6,990,202	286,989	5,680,578	95,970,717	155,630,117
Disposals	-	(436,210)	(8,677,177)	-	(5,541)	-	(487,000)	-	(9,605,928)
Transfers	-	46,106,570	-	4,021,296	1,394	-	9,050	(50,138,310)	-
Write-off	-	(25,986,626)	(633,513)	(1,592,427)	(17,682)	-	(791,133)	(27,712)	(29,049,093)
At the end of the year	34,549,542	508,062,568	102,013,704	247,915,951	51,314,092	212,508,214	96,497,120	52,291,129	1,305,152,320
Accumulated depreciation:									
At 1 January 2019	-	261,469,569	79,982,460	145,116,908	26,914,258	570,451	71,509,580	-	585,563,226
Charge for the year	-	80,088,238	10,136,451	31,351,054	4,622,953	13,269,114	7,231,020	-	146,698,830
Disposals	-	(343,125)	(8,605,559)	-	(4,053)	-	(452,793)	-	(9,405,530)
Write-off	-	(19,228,896)	(633,513)	(763,432)	(8,418)	-	(572,949)	-	(21,207,208)
At the end of the year	-	321,985,786	80,879,839	175,704,530	31,524,740	13,839,565	77,714,858	-	701,649,318
Net book amounts:									
At 31 December 2019	**34,549,542**	**186,076,782**	**21,133,865**	**72,211,421**	**19,789,352**	**198,668,649**	**18,782,262**	**52,291,129**	**603,503,002**

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

13 PROPERTY AND EQUIPMENT (continued)

	For the year ended 31 December 2018								
	Land SR	*Leasehold improvements SR*	*Motor vehicles and distribution vans SR*	*Furniture and fixtures SR*	*Office equipment SR*	*Building SR*	*Tools and air-conditions SR*	*Capital work in progress SR*	*Total SR*
Cost:									
At 1 January 2018	34,549,542	475,682,571	94,010,010	194,457,426	37,579,693	-	88,356,281	141,913,936	1,066,549,459
Additions	-	2,567,338	7,821,647	7,922,689	7,822,481	4,321,872	5,629,876	106,023,403	142,109,306
Disposals	-	-	(1,135,339)	-	-	-	-	-	(1,135,339)
Transfers	-	17,159,632	5,536,600	12,108,421	(925,498)	207,899,353	(1,535,905)	(240,242,603)	-
Transfers to software	-	-	-	-	-	-	-	(1,208,302)	(1,208,302)
Write-off	-	(16,958,050)	(56,799)	(627,467)	(130,957)	-	(364,627)	-	(18,137,900)
At the end of the year	34,549,542	478,451,491	106,176,119	213,861,069	44,345,719	212,221,225	92,085,625	6,486,434	1,188,177,224
Accumulated depreciation:									
At 1 January 2018	-	191,457,720	68,165,102	118,248,131	22,267,043	-	63,030,901	-	463,168,897
Charge for the year	-	82,879,264	12,581,415	27,156,408	4,697,424	570,451	8,607,608	-	136,492,570
Disposals	-	-	(713,764)	-	-	-	-	-	(713,764)
Transfers	-	-	-	4,019	(3,031)	-	(988)	-	-
Write-off	-	(12,867,415)	(50,293)	(291,650)	(47,178)	-	(127,941)	-	(13,384,477)
At the end of the year	-	261,469,569	79,982,460	145,116,908	26,914,258	570,451	71,509,580	-	585,563,226
Net book amounts:									
At 31 December 2018	34,549,542	216,981,922	26,193,659	68,744,161	17,431,461	211,650,774	20,576,045	6,486,434	602,613,998
At 1 January 2018	34,549,542	284,224,851	25,844,908	76,209,295	15,312,650	-	25,325,380	141,913,936	603,380,562

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

13 PROPERTY AND EQUIPMENT (continued)

13.1 Capital work in progress represents costs incurred in respect of opening new pharmacies and warehouses, which have not commenced operation yet. The related capital commitments are reported in note 30.1.

13.2 The Company capitalised depreciation of right-of-use assets of SR Nil (2018: SR 2,913,303) represent depreciation charges for new pharmacies which have not commenced operation yet.

13.3 The depreciation charge has been allocated as follows:

	2019	*2018*
	SR	*SR*
Selling and distribution expenses (note 8)	**143,671,911**	133,348,627
General and administration expenses (note 9)	**3,026,919**	3,143,943
	146,698,830	136,492,570

14 SOFTWARE COST

	2019	*2018*
	SR	*SR*
Cost:		
At the beginning of the year	**24,747,571**	14,784,678
Additions	**3,003,495**	8,754,591
Transfers from property and equipment	**-**	1,208,302
At the end of the year	**27,751,066**	24,747,571
Accumulated amortisation:		
At the beginning of the year	**10,478,443**	7,209,632
Charge for the year	**4,417,860**	3,268,811
At the end of the year	**14,896,303**	10,478,443
Net book amount as at 31 December	**12,854,763**	14,269,128

15 INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES

Investment in unconsolidated subsidiaries represents the Company's 100% investment in Ronzac GmbH and Hollinz GmbH, both companies are registered in Germany. The subsidiaries are engaged in granting (marketing) licenses of pharmaceutical products, any consumer goods and food products.

The Company also has 100% investment in Al Dawaa Medical Company Services FZ-LLC, a company registered in Dubai, United Arab Emirates as marketing office.

The investment in the subsidiaries are recorded at cost as the subsidiaries have not yet commenced any operations and the management believes that the share in net results of the subsidiaries for the year ended 31 December 2019 is not material to the financial statements and not consolidated by the Company.

16 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity instruments at fair value through other comprehensive income include investments in equity shares of listed companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature. The fair value is based on quoted market price at reporting date on the official listing market (Tadawul) in the Kingdom of Saudi Arabia. Movement in the equity instruments at fair value through other comprehensive income was follows:

	2019	*2018*
	SR	*SR*
Balance 1 January	**-**	-
Purchases	**97,019,337**	-
Remeasurement recognised in other comprehensive income	**7,442,636**	-
Balance at 31 December	**104,461,973**	-

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

17 INVENTORIES

	2019	*2018*
	SR	*SR*
Inventories relating to pharmacies	**1,286,830,009**	1,257,770,300
Inventories relating to distribution	**20,602,742**	68,773,376
	1,307,432,751	1,326,543,676
Less: allowance for slow moving inventory items	**(15,621,270)**	(21,621,270)
	1,291,811,481	1,304,922,406

Movement in the allowance for slow moving inventory items was follows:

	2019	*2018*
	SR	*SR*
At the beginning of the year	**21,621,270**	3,323,402
(Reversal)/charge for the year	**(6,000,000)**	18,297,868
At the end of the year	**15,621,270**	21,621,270

Inventories are held for resale and are net of commercial income. During the year, SR Nil (2018:SR 10 million) was recognised as an expenses for inventories carried at net realisable value. This is recognised in cost of sales.

18 RIGHT TO RETURNED ASSET

	2019	*2018*
	SR	*SR*
Right to returned asset	**926,459**	1,245,870

The right to returned asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's policy. The right to return is measured by reference to the former carrying amounts of the goods. The costs to recover the products are immaterial because the customers have to return the products in saleable condition.

19 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2019	*2018*
	SR	*SR*
Accounts receivable	**183,014,481**	153,388,505
Prepaid expenses	**14,294,982**	13,830,902
Advances to suppliers	**125,458,036**	74,833,161
Subsidy receivable	**7,658,100**	10,272,355
Other receivables	**15,575,995**	11,425,347
	346,001,594	263,750,270
Less: allowance for expected credit loss	**(28,886,861)**	(29,254,247)
	317,114,733	234,496,023

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

19 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

The average credit period for trade receivables on sale of goods is 30 days. The Company does not charge any interest on the outstanding balance. The Company holds the trade accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Company always measures the loss allowance for trade accounts receivable at an amount equal to lifetime expected credit losses (ECL). The ECL on trade accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Company's provision matrix:

31 December 2019	***Gross accounts receivables SR***	***Expected credit loss rate %***	***Expected credit loss SR***
0-30 days	**62,589,007**	**1%**	**625,890**
31-60 days	**49,015,808**	**2%**	**980,316**
61-90 days	**22,849,718**	**3%**	**685,492**
91-120 days	**7,474,494**	**5%**	**373,725**
121-150 days	**3,623,927**	**10%**	**362,393**
151-180 days	**3,244,319**	**12%**	**389,318**
181-210 days	**2,164,733**	**15%**	**324,710**
211-240 days	**1,060,738**	**18%**	**190,933**
241-270 days	**1,139,861**	**20%**	**227,972**
271-300 days	**889,205**	**22%**	**195,625**
301-365 days	**3,099,189**	**30%**	**929,757**
366-729 days	**6,465,005**	**65%**	**4,202,253**
Over 730 days	**19,398,477**	**100%**	**19,398,477**
	183,014,481		**28,886,861**

31 December 2018	*Gross accounts receivables SR*	*Expected credit loss rate %*	*Expected credit loss SR*
0-30 days	38,843,715	1%	388,437
31-60 days	27,188,301	2%	543,766
61-90 days	20,079,091	3%	602,373
91-120 days	13,438,161	5%	671,908
121-150 days	7,047,556	10%	704,756
151-180 days	4,728,110	12%	567,373
181-210 days	5,493,103	15%	823,965
211-240 days	4,242,313	18%	763,616
241-270 days	3,066,133	20%	613,227
271-300 days	2,520,253	22%	554,456
301-365 days	2,876,712	30%	863,014
366-729 days	4,466,580	62%	2,758,879
Over 730 days	19,398,477	100%	19,398,477
	153,388,505		29,254,247

The Company writes off trade receivable when there is no reasonable expectation of recovery. During the current year; the Company has written off trade receivables amounting to SR 4.1 million (2018: SR 2 million).

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19 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

Movement in the allowance for expected credit loss was follows:

	2019	*2018*
	SR	*SR*
As at 1 January	**29,254,247**	34,754,910
Charge/(reversal) for the year	**3,816,462**	(3,402,137)
Write-off	**(4,183,848)**	(2,098,526)
As at 31 December	**28,886,861**	29,254,247

20 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent partners, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties.

The Company in the normal course of business carries out transactions with various related parties. Major transactions with related parties' occurred during the year were as follows:

Related parties	***Nature of transactions***	***Amount of transactions***	
		2019	*2018*
		SR	*SR*
Meshraf General Contracting (affiliate)	Value of construction of new pharmacies	**(54,960,240)**	(2,529,004)
Classic Travel & Tours Agency (affiliate)	Expenses recharged to the Company	**(27,449,970)**	(19,405,634)
Digital Business System Company (affiliate)	IT services provided to the Company	**(15,186,106)**	(15,102,637)
	Admin Services provided by the Company	**2,726,806**	2,360,855
Partner	Gain on the transfer of property and equipment	**-**	25,800

Compensation of key management personnel of the Company were as follows:

	2019	*2018*
	SR	*SR*
Short-term employee benefits	**2,992,487**	1,560,000
End of services benefits	**130,000**	130,000
Total compensation	**3,122,487**	1,690,000

Terms and conditions of transactions with related parties:
The pricing policies and terms of payment of transactions with the related parties are approved by the Company's management. The outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. For the year ended 31 December 2019, the Company has not recorded any impairment of receivable relates to amounts owed by related parties (2018: same). This assessment is undertaken each financial year through examining the financial position of the related party and the length of time past due.

Amounts due from related parties and due to related parties are disclosed in the statement of financial position as follows:

20.1 ***Amounts due from related parties under current assets***

	2019	*2018*
	SR	*SR*
Digital Business System Company	**1,638,078**	-
Partner	**57,838**	370,593
Others	**7,008**	405,274
	1,702,924	775,867

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20 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

20.2 Amounts due to related parties under current liabilities

	2019	*2018*
	SR	*SR*
Meshraf General Contracting	**4,385,403**	88,770
Partner	**1,384,457**	1,461,937
Classic Travel & Tours Agency	**1,608,419**	2,650,703
Digital Business System Company	**-**	4,339,604
Others	**384,942**	753,707
	7,763,221	9,294,721

21 BANK BALANCES AND CASH

	2019	*2018*
	SR	*SR*
Bank balances	**78,388,992**	100,408,691
Cash on hand	**6,657,683**	7,270,714
	85,046,675	107,679,405

22 CAPITAL AND PROPOSED INCREASE IN CAPITAL

22.1 Capital

Capital is divided into 200,000 shares (2018: 10,000 shares) stated at SR 50 per share (2018: SR 1,000 per share).

	Number of shares		***Share in capital (%)***	
	2019	*2018*	***2019***	*2018*
HRH Prince Turki Bin Mohammed Bin Fahad	**48,000**	2,400	**24.000%**	24.000%
Mr. Mohammed Saad Al-Farraj	**118,498**	5,925	**59.249%**	59.250%
Mr. Abdullah Saad Al-Farraj	**18,500**	925	**9.250%**	9.250%
Mr. Waleed Mohammed Al-Jaafary	**5,000**	250	**2.500%**	2.500%
Ms. Hussa Saad Al-Farraj	**5,000**	250	**2.500%**	2.500%
MS. Nouf Saad Al-Farraj	**5,000**	250	**2.500%**	2.500%
Mr. Sultan Mahdi Al-Anzi	**1**	-	**0.0005%**	0%
Mr. Ali Salem Al-Qafil	**1**	-	**0.0005%**	0%
	200,000	10,000	**100%**	100%

22.2 Proposed increase in capital

In 2008 the partners of the Company resolved to capitalise the partners' accounts as proposed increase in capital. The legal formalities in respect of the proposed capital increase have not commenced yet.

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23 LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

The Company has lease contracts for various items of property and plots of land used in its operations. Leases of property generally have lease terms between 2 and 19 years, while plots of land have lease terms between 12.4 and 16.8 years.

Set out below are the charging amounts of right-of-use recognised and the movement during the year:

	Property *SR*	*Plots of land* *SR*	*Total* *SR*
As at 1 January 2018	767,413,432	35,828,866	803,242,298
Additions	110,128,219	-	110,128,219
Modifications	(3,913,017)	-	(3,913,017)
Depreciation expense	(164,491,690)	(2,118,670)	(166,610,360)
At 31 December 2018	709,136,944	33,710,196	742,847,140
Additions	134,972,207	-	134,972,207
Modifications	52,089,560	-	52,089,560
Disposal	(46,669,149)	-	(46,669,149)
Depreciation expense	(159,601,160)	(2,118,670)	(161,719,830)
At 31 December 2019	**689,928,402**	**31,591,526**	**721,519,928**

Set out below are the carrying amounts of lease liability and the movements during the year:

	2019 ***SR***	*2018* *SR*
As at 1 January	**726,883,381**	776,730,436
Additions	**134,972,207**	113,041,523
Modifications	**52,089,560**	(3,913,017)
Disposal	**(49,355,692)**	-
Accretion of interest	**30,441,743**	31,165,218
Payments	**(161,842,322)**	(190,140,779)
At 31 December	**733,188,877**	726,883,381
Current	**145,413,040**	147,145,821
Non-current	**587,775,837**	579,737,560
	733,188,877	726,883,381

The maturity analysis of lease liabilities are disclosed in note 31.2.3.

The following are the amounts recognised in statement of profit or loss and other comprehensive income:

	2019 ***SR***	*2018* *SR*
Depreciation expense of right-of-use assets (note 8)	**161,719,830**	163,697,057
Interest expense on lease liabilities (note 10)	**30,441,743**	31,165,218
Expense relating to short-term leases	**7,404,649**	7,488,810
Loss on disposal of right-of-use assets (note 11)	**1,112,959**	-
	200,679,181	202,351,085

The Company had total cash outflows for leases of SR 173 million in 2019 (2018: SR 197.6 million).

Depreciation of right-of-use assets amounting to SR Nil (2018: SR 2.9 million) was capitalised to property and equipment (note 13).

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24 EMPLOYEES' TERMINAL BENEFITS

The Company has one defined benefit plan (unfunded), which is a termination benefits plan in line with Labor Law requirement in the Kingdom of Saudi Arabia .The Company is required to recognise the provision for employees' end-of service benefits for the amounts payable at the statement of financial position date in accordance with the employees' contracts of employment applicable to employees' accumulated periods of service. In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its employees' terminal benefits in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The following table represent changes in present value of employees' terminal benefits:

	2019	*2018*
	SR	*SR*
As at 1 January	**82,161,291**	84,795,528
Current service cost	**14,074,010**	14,691,836
Interest cost	**3,148,048**	3,502,460
Remeasurement gain on employees' terminal benefits	**(4,506,066)**	(4,055,109)
Payments during the year	**(5,281,000)**	(16,773,424)
As at 31 December	**89,596,283**	82,161,291

The main actuarial assumptions used to calculate the defined unfunded benefit liabilities are as follows:

	2019	*2018*
	(%)	*(%)*
Discount rate	**3.50%**	4.65%
Salary increase rate	**3.00%**	4.65%

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits as at 31 December and the impact on the employees' terminal benefits is shown as below:

	2019	*2018*
	SR	*SR*
Discount rate:		
0.5% increase	**(95,040,652)**	(85,393,023)
0.5% decrease	**99,054,320**	94,917,029
Long-term future salary		
0.5% increase	**113,041,960**	93,860,791
0.5% decrease	**(109,416,278)**	(86,306,751)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employees' terminal benefits as it is unlikely that changes in assumptions would occur in isolation of one another.

The weighted average duration of the defined benefit obligation is 12.54 years (2018: 10.56 years). The expected maturity analysis of undiscounted defined benefit obligation is as follows (time in years):

	2019	*2018*
	SR	*SR*
Within one year	**7,338,108**	6,731,158
After one year but not more than five years	**36,903,380**	36,754,752
More than five years	**60,225,564**	59,684,232
Total expected payments	**104,467,052**	103,170,142

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25 ACCOUNTS PAYABLE AND ACCRUALS

	2019	*2018*
	SR	*SR*
Accounts payable	**435,628,817**	455,340,354
Accrued expenses	**71,830,343**	76,355,615
Retention	**11,196,967**	18,661,612
Other payables	**38,700,920**	36,130,973
	557,357,047	586,488,554

26 CONTRACT LIABILITIES

	2019	*2018*
	SR	*SR*
Customers' loyalty programme	**28,162,329**	24,964,458

Contract liabilities are recognised in respect of points awarded to customers; as these points provide a benefit to customers that they would not receive without entering into a purchase contract and the promise to provide loyalty points to the customer is therefore a separate performance obligation.

Set out below are the carrying amounts of contract liability and the movements during the year:

	2019	*2018*
	SR	*SR*
As at 1 January	**24,964,458**	23,366,745
Addition	**38,469,039**	49,340,886
Redeemed	**(21,663,990)**	(30,237,801)
Expired	**(13,607,178)**	(17,505,372)
As at 31 December	**28,162,329**	24,964,458

27 REFUND LIABILITY

	2019	*2018*
	SR	*SR*
Refund liability	**1,593,152**	2,155,679

The refund liability relates to customers' right to return products. The Company recognises a refund liability for the amount of consideration received for which the entity does not expect to be entitled.

28 BANK OVERDRAFTS AND SHORT TERM LOANS

Bank overdrafts and Tawarooq, Murabaha and Tayseer short term loans were obtained from local commercial banks and are secured by joint and several personal guarantees of the partners, promissory notes and assignments of rights arising from an insurance policies. Those facilities carry borrowing costs at average rates of 1.75% plus SAIBOR. Overdrafts carry borrowing costs at average rates of 12%.

29 SWAP DERIVATIVES

The Company has swap derivatives assets for foreign currency (US Dollars) swap contracts and interest rate swap contracts. At 31 December 2019, those derivatives are measured by fair value based on significant observable inputs (level 2), there was no transfer of levels for measuring fair value during the year. The Company uses the following valuation techniques for the recurring fair value measurement:

- for interest rate swaps – the present value of the estimated future cash flows based on observable yield curves; and
- for foreign currency forwards – the present value of the estimated future cash flows based on the forward exchange rate at the reporting date.

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30 CONTINGENCIES AND COMMITMENTS

30.1 **Capital commitments**

The Company has authorised future capital expenditure amounting to SR 62 million (2018: SR 50 million) relating to completion of new pharmacies and warehouse under construction.

30.2 **Contingent liabilities**

The Company's bankers have issued letter of credit and guarantees to various third parties, on behalf of the Company, amounting to SR 61.4 million (2018: SR 69.9 million) for performance of certain contracts.

31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

31.1 **Financial instruments**

The financial instruments are categorised as follows:

	2019 SR	*2018 SR*
31.1.1 Financial assets at amortised cost:		
Accounts receivable and prepayments	**317,114,733**	234,496,023
Amounts due from related parties	**1,702,924**	775,867
Bank balances	**85,046,675**	100,408,691
	403,864,332	**335,680,581**

	2019 SR	*2018 SR*
31.1.2 Financial assets designated at fair value through OCI (equity instruments):		
Equity instruments at fair value through other comprehensive income	**104,461,973**	-

	2019 SR	*2018 SR*
31.1.3 Financial liabilities at fair value through profit or loss ("FVTPL"):		
Swap derivatives	**19,958,625**	4,311,746
31.1.4 Financial liabilities at amortised cost:		
Accounts payable and accruals	**557,357,047**	586,488,554
Amounts due to related parties	**7,763,221**	9,294,721
Lease liability	**235,009,323**	726,883,381
Bank overdrafts	**-**	218,729
Short term loans	**719,997,838**	698,994,329
	1,520,127,429	**2,021,879,714**

31.2 **Financial instruments risk management objectives and policies**

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below:

31.2.1 **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and derivatives.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2019 and 31 December in 2018.

31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

31.2 **Financial instruments risk management objectives and policies (continued)**

31.2.1 **Market risk (continued)**

i) Interest Rate Risk

Interest rate risk is the risk that the far value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowing which expose the Company to cash flow interest rate risk.

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's net income before zakat is affected through the impact on floating rate borrowings, as follows:

	2019	*2018*
	SR	*SR*
Interest rate – increase by 100 basis points	**7,199,978**	6,989,943
Interest rate – decrease by 100 basis points	**(7,199,978)**	(6,989,943)

ii) Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company did not undertake significant transactions in currencies other than Saudi Riyals and US dollars. As the Saudi Riyal is pegged to the US Dollar, balance in US Dollars are not considered to represent significant currency risk. In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

31.2.2 **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily accounts receivables.

The Company ensures that the cash collection is made after time of sales delivery. Credit limits are established for all customers based on internal rating criteria. Outstanding trade receivables are regularly monitored and any credit concerns highlighted to senior management. Cash and time deposit are substantially placed with commercial banks with sound credit ratings. There are no significant concentrations of credit risk, whether through exposure to individual customers or regions.

Sales to retail customers are required to be settled in cash or using credit cards, mitigating credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the customer segments with similar loss patterns (customer wise, product type, credit characteristics, trading history and legal form). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivables are writtenoff if past due for more than one year and are not subject to enforcement activity. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to accounts receivables as low, as its customers are located in several jurisdictions. For credit risk and ECL for accounts receivables please refer to note 19.

Credit risk on bank balances are assessed to be minimal as these balances are callable on demand and held with reputable financial institutions. With respect to amounts due from related parties, credit risk is assessed to be minimal as there is no historical default.

The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2019 and 2018 is the carrying value of each class of financial assets disclosed in note 31.1

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31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

31.2 **Financial instruments risk management objectives and policies (continued)**

31.2.3 **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realise financial assets quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis and seeking partners' support, as and if required to ensure 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 Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains different lines of credit. The Company's terms of contracts require amounts to be paid within 30-90 days of the date of billings. Accounts payables are normally settled within 30-60 days of billing date or receipt of a correctly rendered invoice.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry.

The table below summarises the maturity profile of the Company’s financial liabilities, excluding lease liability, based on contractual undiscounted payments; Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2019	***less than year SR***	***1 to 5 years SR***	***> 5 years SR***	***Total SR***
Accounts payables and retention	**446,825,784**	**-**	**-**	**446,825,784**
Amounts due to related parties	**7,763,221**	**-**	**-**	**7,763,221**
Short term loans	**719,997,838**	**-**	**-**	**719,997,838**
Lease Liabilities	**172,662,169**	**449,002,820**	**208,899,911**	**830,564,900**
	1,347,249,012	**449,002,820**	**208,899,911**	**2,005,151,743**

31 December 2018	*less than year SR*	*1 to 5 years SR*	*> 5 years SR*	*Total SR*
Accounts payables and retention	474,001,966	-	-	474,001,966
Amounts due to related parties	9,294,721	-	-	9,294,721
Bank overdrafts	218,729	-	-	218,729
Short term loans	698,994,329	-	-	698,994,329
Lease Liabilities	174,688,414	473,158,907	240,682,050	888,529,371
	1,357,198,159	473,158,907	240,682,050	2,071,039,116

Changes in liabilities arising from financing activities

	1 January 2019 SR	***Cash outflow SR***	***Others SR***	***31 December 2019 SR***
Dividends payable	**-**	**(139,000,000)**	**139,000,000**	**-**
Bank overdrafts	**218,729**	**(218,729)**	**-**	**-**
Lease Liabilities	**726,883,381**	**(161,842,322)**	**168,147,818**	**733,188,877**
Short term loans	**698,994,329**	**(1,668,994,329)**	**1,689,997,838**	**719,997,838**
Total liabilities from financing activities	**1,426,096,439**	**(1,970,055,380)**	**1,997,145,656**	**1,453,186,715**

31 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

31.2 **Financial instruments risk management objectives and policies (continued)**

31.2.3 **Liquidity risk (continued)**

Changes in liabilities arising from financing activities (continued)

	1 January 2018	*Cash outflow*	*Others*	*31 December 2018*
	SR	*SR*	*SR*	*SR*
Dividends payable	-	(111,000,000)	111,000,000	-
Bank overdrafts	-	-	218,729	218,729
Lease Liabilities	776,730,436	(190,140,779)	140,293,724	726,883,381
Short term loans	648,227,836	(1,515,256,310)	1,566,022,803	698,994,329
Total liabilities from financing activities	1,424,958,272	(1,816,397,089)	1,817,535,256	1,426,096,439

The "other" column includes non-cash movements, classification of dividends payable once distribution of dividends is authorised by partners, acquisition of new short-term loan and lease liabilities.

32 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the Company.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise equity value.

Management's policy is to maintain a strong capital base so as to maintain creditor and to sustain future development of the business. The Company manages its capital structure and makes adjustments in light of changes in economic conditions, business conditions and the requirements of the financial covenants. Management monitors the return on capital, which the Company defines as net debt divided by total partners' equity; net debt is total liabilities less bank balances and cash. The Company's policy is to keep the ratio between 30% and 50%. Management also monitors the level of dividends to partners. The Company's net debt to capital ratio at the end of the reporting year was as follows:

	2019	*2018*
	SR	*SR*
Bank borrowings and bank overdrafts	**719,997,838**	699,213,058
Accounts payable and accruals	**557,357,047**	586,488,554
Lease liability	**733,188,877**	726,883,381
Contracts and refund liabilities	**29,755,481**	27,120,137
Less: Bank and cash equivalents	**(85,046,675)**	(107,679,405)
Net debt	**1,955,252,568**	1,932,025,725
Total equity	**969,371,863**	863,219,393
Net debt to capital ratio	**50%**	45%

In order to achieve this overall objective, the Company’s capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

33 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

	Fair value measurement using		
	Level 1	***Level 2***	***Level 3***
31 December 2019			
Financial assets designated at fair value through OCI (equity instruments):			
Equity instruments at fair value through other comprehensive income	**104,461,973**	**-**	**-**
Financial liabilities at fair value through profit or loss ("FVTPL"):			
Swap derivatives	**-**	**19,958,625**	**-**

	Fair value measurement using		
	Level 1	*Level 2*	*Level 3*
31 December 2018			
Financial assets designated at fair value through OCI (equity instruments):			
Equity instruments at fair value through other comprehensive income	-	-	-
Financial liabilities at fair value through profit or loss ("FVTPL"):			
Swap derivatives	-	4,311,746	-

There were no transfers between Levels 1, 2 or 3 during 2019.

34 EVENTS AFTER THE REPORTING DATE

The existence of novel coronavirus disease (COVID-19) was confirmed in early 2020 and has spread across multiple geographies, causing disruptions to businesses and economic activities. The Company considers this outbreak to be a non-adjusting post balance sheet event. At this early stage when situation is rapidly evolving, it is not practicable to provide a quantitative estimate of the potential impact at this stage. The management and those charged with governance will continue to monitor the situation across all geographies and accordingly update stakeholders as per the regulatory requirements. Any changes in circumstances may require enhanced disclosures or recognition of adjustments in the separate financial statements of the Company for the subsequent periods during the financial year 2020.

In the opinion of management, there have been no further significant subsequent events since the year ended 31 December 2019 that would have a material impact on the financial position of the Company as reflected in these financial statements.

35 COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
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36 BRANCHES

The Company operates through various branches and sales outlets located in the Kingdom of Saudi Arabia with the following commercial registration numbers:

Serial	Branch Name	Commercial Registration Number	Serial	Branch Name	Commercial Registration Number
1	AL-Dawaa Company	2051025701	62	Al Dawaa Pharmacy PH-043	2051028100
2	Warehouse	2251051269	63	Al Dawaa Pharmacy PH-044	2251029047
3	Warehouse	2050094367	64	Al Dawaa Pharmacy PH-045	2252032794
4	Warehouse	2050051362	65	Al Dawaa Pharmacy PH-046	2250029473
5	Warehouse	2050094362	66	Al Dawaa Pharmacy PH-047	2250029470
6	Warehouse	5850035609	67	Al Dawaa Pharmacy PH-048	2055005455
7	Warehouse	1010181366	68	Al Dawaa Pharmacy PH-049	2252029038
8	Warehouse	4030142950	69	Al Dawaa Pharmacy PH-050	2050240589
9	Warehouse	3400017991	70	Al Dawaa Pharmacy PH-051	2055005523
10	Warehouse	2252061539	71	Al Dawaa Pharmacy PH-052	2257031106
11	Warehouse	1122101682	72	Al Dawaa Pharmacy PH-053	2050109794
12	Warehouse	1010430093	73	Al Dawaa Pharmacy PH-054	2251052014
13	Warehouse	1010428087	74	Al Dawaa Pharmacy PH-055	2251031414
14	Warehouse	2051055822	75	Al Dawaa Pharmacy PH-056	2251029044
15	Warehouse	3400014841	76	Al Dawaa Pharmacy PH-057	2051026299
16	Warehouse	1010430137	77	Al Dawaa Pharmacy PH-058	2050041890
17	Warehouse	1131055138	78	Al Dawaa Pharmacy PH-059	2052002704
18	Warehouse	2511021391	79	Al Dawaa Pharmacy PH-060	2051026587
19	Warehouse	2511024976	80	Al Dawaa Pharmacy PH-061	2051026588
20	Warehouse	4030316786	81	Al Dawaa Pharmacy PH-062	2251029046
21	Warehouse	5855066246	82	Al Dawaa Pharmacy PH-063	2050044347
22	Warehouse	5855345647	83	Al Dawaa Pharmacy PH-064	2051061436
23	Al Dawaa Pharmacy PH-001	2051025760	84	Al Dawaa Pharmacy PH-065	2051061435
24	Al Dawaa Pharmacy PH-002	2060025761	85	Al Dawaa Pharmacy PH-066	2250029472
25	Al Dawaa Pharmacy PH-003	2060025762	86	Al Dawaa Pharmacy PH-067	2250031567
26	Al Dawaa Pharmacy PH-004	2051025763	87	Al Dawaa Pharmacy PH-069	2052001086
27	Al Dawaa Pharmacy PH-005	2051025768	88	Al Dawaa Pharmacy PH-070	2252031413
28	Al Dawaa Pharmacy PH-006	2051025769	89	Al Dawaa Pharmacy PH-072	2251065985
29	Al Dawaa Pharmacy PH-007	2051025770	90	Al Dawaa Pharmacy PH-073	2257032802
30	Al Dawaa Pharmacy PH-008	2050039723	91	Al Dawaa Pharmacy PH-074	2050043074
31	Al Dawaa Pharmacy PH-009	2050039724	92	Al Dawaa Pharmacy PH-075	2511024851
32	Al Dawaa Pharmacy PH-010	2060025771	93	Al Dawaa Pharmacy PH-076	2055005631
33	Al Dawaa Pharmacy PH-011	2051062960	94	Al Dawaa Pharmacy PH-077	2055005752
34	Al Dawaa Pharmacy PH-012	2060025798	95	Al Dawaa Pharmacy PH-078	2050048204
35	Al Dawaa Pharmacy PH-013	2050039761	96	Al Dawaa Pharmacy PH-079	2055007353
36	Al Dawaa Pharmacy PH-014	2050039762	97	Al Dawaa Pharmacy PH-080	2050046257
37	Al Dawaa Pharmacy PH-015	2050039763	98	Al Dawaa Pharmacy PH-081	2051027886
38	Al Dawaa Pharmacy PH-016	2051025805	99	Al Dawaa Pharmacy PH-082	2050043076
39	Al Dawaa Pharmacy PH-017	2050039766	100	Al Dawaa Pharmacy PH-083	2511024850
40	Al Dawaa Pharmacy PH-018	2051025806	101	Al Dawaa Pharmacy PH-084	2051029849
41	Al Dawaa Pharmacy PH-019	2251029471	102	Al Dawaa Pharmacy PH-085	2050043077
42	Al Dawaa Pharmacy PH-020	2252031008	103	Al Dawaa Pharmacy PH-086	2050044348
43	Al Dawaa Pharmacy PH-021	2055005082	104	Al Dawaa Pharmacy PH-087	2050046842
44	Al Dawaa Pharmacy PH-022	2055005252	105	Al Dawaa Pharmacy PH-088	2050049609
45	Al Dawaa Pharmacy PH-024	2050040581	106	Al Dawaa Pharmacy PH-089	2251033361
46	Al Dawaa Pharmacy PH-025	2050040582	107	Al Dawaa Pharmacy PH-090	2050109798
47	Al Dawaa Pharmacy PH-026	2050040583	108	Al Dawaa Pharmacy PH-091	2511025135
48	Al Dawaa Pharmacy PH-027	2252029039	109	Al Dawaa Pharmacy PH-092	2511005244
49	Al Dawaa Pharmacy PH-028	2056001192	110	Al Dawaa Pharmacy PH-093	2511005359
50	Al Dawaa Pharmacy PH-029	2056001401	111	Al Dawaa Pharmacy PH-094	2511005360
51	Al Dawaa Pharmacy PH-031	2250031094	112	Al Dawaa Pharmacy PH-095	2511007202
52	Al Dawaa Pharmacy PH-032	2251029040	113	Al Dawaa Pharmacy PH-096	2511024110
53	Al Dawaa Pharmacy PH-033	2251029041	114	Al Dawaa Pharmacy PH-097	2511005385
54	Al Dawaa Pharmacy PH-034	2057002345	115	Al Dawaa Pharmacy PH-098	2511007198
55	Al Dawaa Pharmacy PH-035	2057002346	116	Al Dawaa Pharmacy PH-099	2511006435
56	Al Dawaa Pharmacy PH-036	2251029042	117	Al Dawaa Pharmacy PH-101	2511006434
57	Al Dawaa Pharmacy PH-037	2252029043	118	Al Dawaa Pharmacy PH-102	2512005361
58	Al Dawaa Pharmacy PH-038	2051026934	119	Al Dawaa Pharmacy PH-103	2059001354
59	Al Dawaa Pharmacy PH-039	2051028619	120	Al Dawaa Pharmacy PH-104	2050047614
60	Al Dawaa Pharmacy PH-041	2051028621	121	Al Dawaa Pharmacy PH-105	2252031417
61	Al Dawaa Pharmacy PH-042	2052001238	122	Al Dawaa Pharmacy PH-107	2251032468

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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36 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number	Serial	Branch Name	Commercial Registration Number
123	Al Dawaa Pharmacy PH-109	2251032795	187	Al Dawaa Pharmacy PH-186	2066002278
124	Al Dawaa Pharmacy PH-111	2056001400	188	Al Dawaa Pharmacy PH-187	2055007710
125	Al Dawaa Pharmacy PH-112	2050047615	189	Al Dawaa Pharmacy PH-188	2055007058
126	Al Dawaa Pharmacy PH-113	2050049607	190	Al Dawaa Pharmacy PH-190	2251067363
127	Al Dawaa Pharmacy PH-114	2053016706	191	Al Dawaa Pharmacy PH-191	2252033537
128	Al Dawaa Pharmacy PH-115	2062017164	192	Al Dawaa Pharmacy PH-193	2251066357
129	Al Dawaa Pharmacy PH-116	2062017299	193	Al Dawaa Pharmacy PH-194	2252067365
130	Al Dawaa Pharmacy PH-117	2055006224	194	Al Dawaa Pharmacy PH-195	2252032799
131	Al Dawaa Pharmacy PH-118	2057002414	195	Al Dawaa Pharmacy PH-196	2250033420
132	Al Dawaa Pharmacy PH-119	2057002870	196	Al Dawaa Pharmacy PH-197	2059004069
133	Al Dawaa Pharmacy PH-120	2050053603	197	Al Dawaa Pharmacy PH-198	2050110916
134	Al Dawaa Pharmacy PH-121	2511025133	198	Al Dawaa Pharmacy PH-199	2055025545
135	Al Dawaa Pharmacy PH-122	2511007201	199	Al Dawaa Pharmacy PH-201	3350044539
136	Al Dawaa Pharmacy PH-123	2511007052	200	Al Dawaa Pharmacy PH-202	3550038803
137	Al Dawaa Pharmacy PH-124	2051031178	201	Al Dawaa Pharmacy PH-203	3550038761
138	Al Dawaa Pharmacy PH-125	2050049608	202	Al Dawaa Pharmacy PH-204	3550130654
139	Al Dawaa Pharmacy PH-126	2050049606	203	Al Dawaa Pharmacy PH-205	3550038764
140	Al Dawaa Pharmacy PH-127	2050048209	204	Al Dawaa Pharmacy PH-206	3550038762
141	Al Dawaa Pharmacy PH-128	2050047786	205	Al Dawaa Pharmacy PH-208	3554001572
142	Al Dawaa Pharmacy PH-129	2056001198	206	Al Dawaa Pharmacy PH-209	3550038802
143	Al Dawaa Pharmacy PH-130	2050053602	207	Al Dawaa Pharmacy PH-210	3550038805
144	Al Dawaa Pharmacy PH-131	2251033359	208	Al Dawaa Pharmacy PH-212	3350140069
145	Al Dawaa Pharmacy PH-132	2050047296	209	Al Dawaa Pharmacy PH-216	2053017160
146	Al Dawaa Pharmacy PH-133	2050053604	210	Al Dawaa Pharmacy PH-221	2053016084
147	Al Dawaa Pharmacy PH-134	2051032340	211	Al Dawaa Pharmacy PH-224	2063017157
148	Al Dawaa Pharmacy PH-135	2051030698	212	Al Dawaa Pharmacy PH-225	2063016083
149	Al Dawaa Pharmacy PH-136	2055025509	213	Al Dawaa Pharmacy PH-240	1010599444
150	Al Dawaa Pharmacy PH-137	2252033536	214	Al Dawaa Pharmacy PH-241	1010598179
151	Al Dawaa Pharmacy PH-138	2055025464	215	Al Dawaa Pharmacy PH-242	1010601643
152	Al Dawaa Pharmacy PH-139	2251031582	216	Al Dawaa Pharmacy PH-243	1010597108
153	Al Dawaa Pharmacy PH-140	2251033539	217	Al Dawaa Pharmacy PH-245	1128183376
154	Al Dawaa Pharmacy PH-142	2251032469	218	Al Dawaa Pharmacy PH-246	1010601297
155	Al Dawaa Pharmacy PH-144	2251033538	219	Al Dawaa Pharmacy PH-247	1010617808
156	Al Dawaa Pharmacy PH-145	2250065797	220	Al Dawaa Pharmacy PH-248	1010616347
157	Al Dawaa Pharmacy PH-146	2251065063	221	Al Dawaa Pharmacy PH-254	2252032801
158	Al Dawaa Pharmacy PH-147	2252065006	222	Al Dawaa Pharmacy PH-269	2053016148
159	Al Dawaa Pharmacy PH-148	2251032800	223	Al Dawaa Pharmacy PH-273	2066002171
160	Al Dawaa Pharmacy PH-149	2250065286	224	Al Dawaa Pharmacy PH-275	2055007709
161	Al Dawaa Pharmacy PH-150	2251032791	225	Al Dawaa Pharmacy PH-276	2059001506
162	Al Dawaa Pharmacy PH-152	2251066149	226	Al Dawaa Pharmacy PH-281	2250068491
163	Al Dawaa Pharmacy PH-156	2252066358	227	Al Dawaa Pharmacy PH-282	2252032796
164	Al Dawaa Pharmacy PH-157	2050044008	228	Al Dawaa Pharmacy PH-283	2059004105
165	Al Dawaa Pharmacy PH-158	2052002936	229	Al Dawaa Pharmacy PH-286	2250033424
166	Al Dawaa Pharmacy PH-159	2514000397	230	Al Dawaa Pharmacy PH-290	2251032792
167	Al Dawaa Pharmacy PH-161	2250033542	231	Al Dawaa Pharmacy PH-301	2051029287
168	Al Dawaa Pharmacy PH-162	2051062896	232	Al Dawaa Pharmacy PH-302	2051039274
169	Al Dawaa Pharmacy PH-163	2511025319	233	Al Dawaa Pharmacy PH-303	2051042673
170	Al Dawaa Pharmacy PH-164	2252032467	234	Al Dawaa Pharmacy PH-304	2050070195
171	Al Dawaa Pharmacy PH-166	2051063125	235	Al Dawaa Pharmacy PH-305	2051042674
172	Al Dawaa Pharmacy PH-168	2051028684	236	Al Dawaa Pharmacy PH-306	2050070196
173	Al Dawaa Pharmacy PH-169	2051064391	237	Al Dawaa Pharmacy PH-307	2050075220
174	Al Dawaa Pharmacy PH-170	2050110917	238	Al Dawaa Pharmacy PH-308	2050090993
175	Al Dawaa Pharmacy PH-171	2050110693	239	Al Dawaa Pharmacy PH-309	2055026334
176	Al Dawaa Pharmacy PH-173	2050110918	240	Al Dawaa Pharmacy PH-310	2050240504
177	Al Dawaa Pharmacy PH-174	2252032803	241	Al Dawaa Pharmacy PH-311	2051064411
178	Al Dawaa Pharmacy PH-175	2252032793	242	Al Dawaa Pharmacy PH-312	2051225976
179	Al Dawaa Pharmacy PH-177	2252069154	243	Al Dawaa Pharmacy PH-313	2062617181
180	Al Dawaa Pharmacy PH-178	2251066960	244	Al Dawaa Pharmacy PH-315	2515100046
181	Al Dawaa Pharmacy PH-179	2252031576	245	Al Dawaa Pharmacy PH-316	2055126938
182	Al Dawaa Pharmacy PH-181	2051042253	246	Al Dawaa Pharmacy PH-317	2051227400
183	Al Dawaa Pharmacy PH-182	2055007711	247	Al Dawaa Pharmacy PH-318	2050128588
184	Al Dawaa Pharmacy PH-183	2050110915	248	Al Dawaa Pharmacy PH-319	2511115246
185	Al Dawaa Pharmacy PH-184	2057008987	249	Al Dawaa Pharmacy PH-321	2050130915
186	Al Dawaa Pharmacy PH-185	2065001399	250	Al Dawaa Pharmacy PH-324	2051228678

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36 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number	Serial	Branch Name	Commercial Registration Number
251	Al Dawaa Pharmacy PH-325	2055127164	315	Al Dawaa Pharmacy PH-407	3550022449
252	Al Dawaa Pharmacy PH-332	2050072670	316	Al Dawaa Pharmacy PH-408	3550022442
253	Al Dawaa Pharmacy PH-333	2050072667	317	Al Dawaa Pharmacy PH-409	3550022454
254	Al Dawaa Pharmacy PH-334	2050072669	318	Al Dawaa Pharmacy PH-410	3550022441
255	Al Dawaa Pharmacy PH-335	2052001723	319	Al Dawaa Pharmacy PH-411	3550022455
256	Al Dawaa Pharmacy PH-337	2057004170	320	Al Dawaa Pharmacy PH-412	3550022448
257	Al Dawaa Pharmacy PH-338	2050073541	321	Al Dawaa Pharmacy PH-413	3555000745
258	Al Dawaa Pharmacy PH-339	2050073540	322	Al Dawaa Pharmacy PH-414	3552000716
259	Al Dawaa Pharmacy PH-340	2059002214	323	Al Dawaa Pharmacy PH-415	3554000741
260	Al Dawaa Pharmacy PH-341	2055013313	324	Al Dawaa Pharmacy PH-416	3450009245
261	Al Dawaa Pharmacy PH-342	2050075167	325	Al Dawaa Pharmacy PH-418	3400010856
262	Al Dawaa Pharmacy PH-343	2050075237	326	Al Dawaa Pharmacy PH-419	3401010857
263	Al Dawaa Pharmacy PH-344	2050075219	327	Al Dawaa Pharmacy PH-421	3550022445
264	Al Dawaa Pharmacy PH-345	2050075232	328	Al Dawaa Pharmacy PH-422	3453002329
265	Al Dawaa Pharmacy PH-346	2250041854	329	Al Dawaa Pharmacy PH-423	3400010858
266	Al Dawaa Pharmacy PH-347	2050093866	330	Al Dawaa Pharmacy PH-424	3400010861
267	Al Dawaa Pharmacy PH-348	2050077089	331	Al Dawaa Pharmacy PH-425	3550022612
268	Al Dawaa Pharmacy PH-349	2511012011	332	Al Dawaa Pharmacy PH-426	3553000721
269	Al Dawaa Pharmacy PH-350	2511012012	333	Al Dawaa Pharmacy PH-427	4701000505
270	Al Dawaa Pharmacy PH-351	2511014301	334	Al Dawaa Pharmacy PH-428	3452004992
271	Al Dawaa Pharmacy PH-352	2511022510	335	Al Dawaa Pharmacy PH-429	3402019604
272	Al Dawaa Pharmacy PH-353	2050040585	336	Al Dawaa Pharmacy PH-430	3550024085
273	Al Dawaa Pharmacy PH-354	2055013791	337	Al Dawaa Pharmacy PH-431	3550024384
274	Al Dawaa Pharmacy PH-355	2055014589	338	Al Dawaa Pharmacy PH-432	1122003008
275	Al Dawaa Pharmacy PH-356	2055013790	339	Al Dawaa Pharmacy PH-433	3350037950
276	Al Dawaa Pharmacy PH-357	2051046438	340	Al Dawaa Pharmacy PH-434	1126001068
277	Al Dawaa Pharmacy PH-358	2051046439	341	Al Dawaa Pharmacy PH-435	1123002103
278	Al Dawaa Pharmacy PH-360	2050077086	342	Al Dawaa Pharmacy PH-436	1120001264
279	Al Dawaa Pharmacy PH-362	2051047154	343	Al Dawaa Pharmacy PH-437	3453002855
280	Al Dawaa Pharmacy PH-363	2062024480	344	Al Dawaa Pharmacy PH-438	3453002856
281	Al Dawaa Pharmacy PH-364	2251043900	345	Al Dawaa Pharmacy PH-439	3450010916
282	Al Dawaa Pharmacy PH-365	2251043898	346	Al Dawaa Pharmacy PH-440	3450010915
283	Al Dawaa Pharmacy PH-366	2058000080	347	Al Dawaa Pharmacy PH-441	3450010914
284	Al Dawaa Pharmacy PH-367	2056002631	348	Al Dawaa Pharmacy PH-442	3550025957
285	Al Dawaa Pharmacy PH-368	2066003314	349	Al Dawaa Pharmacy PH-443	3550025958
286	Al Dawaa Pharmacy PH-369	2050079413	350	Al Dawaa Pharmacy PH-444	3400013419
287	Al Dawaa Pharmacy PH-370	2052001856	351	Al Dawaa Pharmacy PH-445	3400013426
288	Al Dawaa Pharmacy PH-371	2050079436	352	Al Dawaa Pharmacy PH-446	3400013418
289	Al Dawaa Pharmacy PH-372	2050079332	353	Al Dawaa Pharmacy PH-447	3400013423
290	Al Dawaa Pharmacy PH-373	2050079315	354	Al Dawaa Pharmacy PH-448	3401013420
291	Al Dawaa Pharmacy PH-374	2057004744	355	Al Dawaa Pharmacy PH-449	3401013421
292	Al Dawaa Pharmacy PH-375	2050082481	356	Al Dawaa Pharmacy PH-450	3400013424
293	Al Dawaa Pharmacy PH-376	2052001892	357	Al Dawaa Pharmacy PH-451	3400013422
294	Al Dawaa Pharmacy PH-377	2051048430	358	Al Dawaa Pharmacy PH-453	3550026593
295	Al Dawaa Pharmacy PH-382	2050082482	359	Al Dawaa Pharmacy PH-454	3550026622
296	Al Dawaa Pharmacy PH-383	2050079718	360	Al Dawaa Pharmacy PH-455	3550026592
297	Al Dawaa Pharmacy PH-384	2050087382	361	Al Dawaa Pharmacy PH-456	3452006324
298	Al Dawaa Pharmacy PH-385	2251044318	362	Al Dawaa Pharmacy PH-457	3452006380
299	Al Dawaa Pharmacy PH-386	2251031737	363	Al Dawaa Pharmacy PH-458	3452006381
300	Al Dawaa Pharmacy PH-387	2055015389	364	Al Dawaa Pharmacy PH-459	3350027068
301	Al Dawaa Pharmacy PH-388	2051048431	365	Al Dawaa Pharmacy PH-460	3550026625
302	Al Dawaa Pharmacy PH-390	2252044742	366	Al Dawaa Pharmacy PH-461	3550026595
303	Al Dawaa Pharmacy PH-392	2057004780	367	Al Dawaa Pharmacy PH-462	3550026594
304	Al Dawaa Pharmacy PH-393	2050082484	368	Al Dawaa Pharmacy PH-463	3350027069
305	Al Dawaa Pharmacy PH-394	2057004975	369	Al Dawaa Pharmacy PH-464	3350027067
306	Al Dawaa Pharmacy PH-396	2511015282	370	Al Dawaa Pharmacy PH-465	3450011286
307	Al Dawaa Pharmacy PH-397	2512005922	371	Al Dawaa Pharmacy PH-466	3453003037
308	Al Dawaa Pharmacy PH-398	2050082483	372	Al Dawaa Pharmacy PH-467	3403016545
309	Al Dawaa Pharmacy PH-399	2511015283	373	Al Dawaa Pharmacy PH-468	3450011285
310	Al Dawaa Pharmacy PH-401	3450008683	374	Al Dawaa Pharmacy PH-469	3550027364
311	Al Dawaa Pharmacy PH-402	3450008684	375	Al Dawaa Pharmacy PH-470	3451001915
312	Al Dawaa Pharmacy PH-403	3450008685	376	Al Dawaa Pharmacy PH-471	3452007443
313	Al Dawaa Pharmacy PH-404	3450009246	377	Al Dawaa Pharmacy PH-472	3452006870
314	Al Dawaa Pharmacy PH-406	3451001276	378	Al Dawaa Pharmacy PH-474	3450011877

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36 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number	Serial	Branch Name	Commercial Registration Number
379	Al Dawaa Pharmacy PH-475	3450011878	443	Al Dawaa Pharmacy PH-550	3563000058
380	Al Dawaa Pharmacy PH-476	3550027912	444	Al Dawaa Pharmacy PH-552	3400018792
381	Al Dawaa Pharmacy PH-477	3409014917	445	Al Dawaa Pharmacy PH-554	3400018878
382	Al Dawaa Pharmacy PH-478	3400014918	446	Al Dawaa Pharmacy PH-555	3404018879
383	Al Dawaa Pharmacy PH-479	3401015958	447	Al Dawaa Pharmacy PH-556	3407018877
384	Al Dawaa Pharmacy PH-481	3550029160	448	Al Dawaa Pharmacy PH-557	3402019297
385	Al Dawaa Pharmacy PH-482	3550028648	449	Al Dawaa Pharmacy PH-558	3400019352
386	Al Dawaa Pharmacy PH-483	3550028651	450	Al Dawaa Pharmacy PH-559	3400019351
387	Al Dawaa Pharmacy PH-484	3550028649	451	Al Dawaa Pharmacy PH-562	3556000459
388	Al Dawaa Pharmacy PH-485	3550029159	452	Al Dawaa Pharmacy PH-563	3350043398
389	Al Dawaa Pharmacy PH-488	3550029155	453	Al Dawaa Pharmacy PH-564	1122005374
390	Al Dawaa Pharmacy PH-489	3550029157	454	Al Dawaa Pharmacy PH-565	1124000572
391	Al Dawaa Pharmacy PH-490	1120001549	455	Al Dawaa Pharmacy PH-567	3400019496
392	Al Dawaa Pharmacy PH-493	3452144999	456	Al Dawaa Pharmacy PH-570	3403019493
393	Al Dawaa Pharmacy PH-494	3452009029	457	Al Dawaa Pharmacy PH-572	3453004629
394	Al Dawaa Pharmacy PH-495	3401016243	458	Al Dawaa Pharmacy PH-573	3453004634
395	Al Dawaa Pharmacy PH-496	3400016189	459	Al Dawaa Pharmacy PH-576	3350043907
396	Al Dawaa Pharmacy PH-498	3403016196	460	Al Dawaa Pharmacy PH-577	3350043918
397	Al Dawaa Pharmacy PH-499	3402001324	461	Al Dawaa Pharmacy PH-578	3450015136
398	Al Dawaa Pharmacy PH-501	2065001581	462	Al Dawaa Pharmacy PH-581	3453005240
399	Al Dawaa Pharmacy PH-502	1134001423	463	Al Dawaa Pharmacy PH-582	3450015381
400	Al Dawaa Pharmacy PH-503	1011015933	464	Al Dawaa Pharmacy PH-583	3450015382
401	Al Dawaa Pharmacy PH-504	2511011432	465	Al Dawaa Pharmacy PH-584	3350044386
402	Al Dawaa Pharmacy PH-505	1111001742	466	Al Dawaa Pharmacy PH-585	3555001772
403	Al Dawaa Pharmacy PH-506	1125000912	467	Al Dawaa Pharmacy PH-586	3452010459
404	Al Dawaa Pharmacy PH-507	1117002410	468	Al Dawaa Pharmacy PH-587	3452010776
405	Al Dawaa Pharmacy PH-508	1111001477	469	Al Dawaa Pharmacy PH-588	3452010644
406	Al Dawaa Pharmacy PH-509	1010329314	470	Al Dawaa Pharmacy PH-590	1011024217
407	Al Dawaa Pharmacy PH-510	1113002526	471	Al Dawaa Pharmacy PH-591	1011024218
408	Al Dawaa Pharmacy PH-511	1019000822	472	Al Dawaa Pharmacy PH-592	3350044414
409	Al Dawaa Pharmacy PH-512	3453004687	473	Al Dawaa Pharmacy PH-593	3350044538
410	Al Dawaa Pharmacy PH-513	1011139175	474	Al Dawaa Pharmacy PH-594	3350044797
411	Al Dawaa Pharmacy PH-515	3450014582	475	Al Dawaa Pharmacy PH-595	3350044798
412	Al Dawaa Pharmacy PH-516	3350039958	476	Al Dawaa Pharmacy PH-596	3350044540
413	Al Dawaa Pharmacy PH-517	3350039004	477	Al Dawaa Pharmacy PH-597	3350044415
414	Al Dawaa Pharmacy PH-518	1120001637	478	Al Dawaa Pharmacy PH-598	3350044389
415	Al Dawaa Pharmacy PH-519	1011019547	479	Al Dawaa Pharmacy PH-599	3365000297
416	Al Dawaa Pharmacy PH-520	1018000455	480	Al Dawaa Pharmacy PH-601	1010269166
417	Al Dawaa Pharmacy PH-521	1123003529	481	Al Dawaa Pharmacy PH-602	1010269211
418	Al Dawaa Pharmacy PH-522	1011019546	482	Al Dawaa Pharmacy PH-603	1010269221
419	Al Dawaa Pharmacy PH-523	3350039005	483	Al Dawaa Pharmacy PH-604	1010269223
420	Al Dawaa Pharmacy PH-524	3350039006	484	Al Dawaa Pharmacy PH-605	1010269226
421	Al Dawaa Pharmacy PH-525	3564000257	485	Al Dawaa Pharmacy PH-606	1010269228
422	Al Dawaa Pharmacy PH-526	3550030612	486	Al Dawaa Pharmacy PH-607	1010287285
423	Al Dawaa Pharmacy PH-527	3550030579	487	Al Dawaa Pharmacy PH-608	1010269231
424	Al Dawaa Pharmacy PH-529	3550030580	488	Al Dawaa Pharmacy PH-609	1010274185
425	Al Dawaa Pharmacy PH-530	3350041316	489	Al Dawaa Pharmacy PH-610	1010287132
426	Al Dawaa Pharmacy PH-531	3350041292	490	Al Dawaa Pharmacy PH-612	1010269234
427	Al Dawaa Pharmacy PH-532	1122004699	491	Al Dawaa Pharmacy PH-613	1010269236
428	Al Dawaa Pharmacy PH-533	1126001819	492	Al Dawaa Pharmacy PH-614	1010287135
429	Al Dawaa Pharmacy PH-534	3358012104	493	Al Dawaa Pharmacy PH-615	1010287133
430	Al Dawaa Pharmacy PH-535	1122004700	494	Al Dawaa Pharmacy PH-616	1010287284
431	Al Dawaa Pharmacy PH-538	3450014580	495	Al Dawaa Pharmacy PH-618	1011141503
432	Al Dawaa Pharmacy PH-539	3453004630	496	Al Dawaa Pharmacy PH-619	1010596521
433	Al Dawaa Pharmacy PH-540	3453004628	497	Al Dawaa Pharmacy PH-620	1010593725
434	Al Dawaa Pharmacy PH-541	1126001818	498	Al Dawaa Pharmacy PH-623	1131303455
435	Al Dawaa Pharmacy PH-542	1011020856	499	Al Dawaa Pharmacy PH-624	1131302439
436	Al Dawaa Pharmacy PH-543	3450014484	500	Al Dawaa Pharmacy PH-625	1116623548
437	Al Dawaa Pharmacy PH-544	3450014581	501	Al Dawaa Pharmacy PH-626	1128183132
438	Al Dawaa Pharmacy PH-545	3451002614	502	Al Dawaa Pharmacy PH-627	1010287217
439	Al Dawaa Pharmacy PH-546	3450014483	503	Al Dawaa Pharmacy PH-629	1010287209
440	Al Dawaa Pharmacy PH-547	3450014482	504	Al Dawaa Pharmacy PH-630	1010287213
441	Al Dawaa Pharmacy PH-548	3451003004	505	Al Dawaa Pharmacy PH-631	1010289013
442	Al Dawaa Pharmacy PH-549	1122005148	506	Al Dawaa Pharmacy PH-632	1010292849

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

36 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number	Serial	Branch Name	Commercial Registration Number
507	Al Dawaa Pharmacy PH-633	1010268243	571	Al Dawaa Pharmacy PH-702	2250048378
508	Al Dawaa Pharmacy PH-634	1010240407	572	Al Dawaa Pharmacy PH-703	2055015883
509	Al Dawaa Pharmacy PH-635	1010275326	573	Al Dawaa Pharmacy PH-704	2066003484
510	Al Dawaa Pharmacy PH-636	1010219685	574	Al Dawaa Pharmacy PH-705	2050086837
511	Al Dawaa Pharmacy PH-637	1010275319	575	Al Dawaa Pharmacy PH-706	2050100485
512	Al Dawaa Pharmacy PH-638	1010295841	576	Al Dawaa Pharmacy PH-707	2050087385
513	Al Dawaa Pharmacy PH-639	1010295846	577	Al Dawaa Pharmacy PH-708	2050087384
514	Al Dawaa Pharmacy PH-640	1010292846	578	Al Dawaa Pharmacy PH-709	2051050906
515	Al Dawaa Pharmacy PH-642	1010295843	579	Al Dawaa Pharmacy PH-711	2050086835
516	Al Dawaa Pharmacy PH-643	1010295839	580	Al Dawaa Pharmacy PH-712	2055020629
517	Al Dawaa Pharmacy PH-644	1010295844	581	Al Dawaa Pharmacy PH-713	2511017325
518	Al Dawaa Pharmacy PH-645	1010295842	582	Al Dawaa Pharmacy PH-714	2511017248
519	Al Dawaa Pharmacy PH-646	1010295840	583	Al Dawaa Pharmacy PH-715	2252048111
520	Al Dawaa Pharmacy PH-647	1010299837	584	Al Dawaa Pharmacy PH-716	2251048104
521	Al Dawaa Pharmacy PH-648	1010306298	585	Al Dawaa Pharmacy PH-717	2251048106
522	Al Dawaa Pharmacy PH-649	1010299840	586	Al Dawaa Pharmacy PH-723	2050088135
523	Al Dawaa Pharmacy PH-650	1010301178	587	Al Dawaa Pharmacy PH-724	2051051240
524	Al Dawaa Pharmacy PH-651	1010301147	588	Al Dawaa Pharmacy PH-726	2057006047
525	Al Dawaa Pharmacy PH-652	1010174995	589	Al Dawaa Pharmacy PH-727	2050088132
526	Al Dawaa Pharmacy PH-653	1010306377	590	Al Dawaa Pharmacy PH-730	2050088131
527	Al Dawaa Pharmacy PH-654	1010312217	591	Al Dawaa Pharmacy PH-731	2050088127
528	Al Dawaa Pharmacy PH-655	1010315346	592	Al Dawaa Pharmacy PH-732	2050088139
529	Al Dawaa Pharmacy PH-656	1010312221	593	Al Dawaa Pharmacy PH-733	2050088137
530	Al Dawaa Pharmacy PH-657	1010320408	594	Al Dawaa Pharmacy PH-734	2251050128
531	Al Dawaa Pharmacy PH-658	1010320413	595	Al Dawaa Pharmacy PH-736	2251050129
532	Al Dawaa Pharmacy PH-659	1010320418	596	Al Dawaa Pharmacy PH-738	2056004038
533	Al Dawaa Pharmacy PH-661	1010320411	597	Al Dawaa Pharmacy PH-739	2056003977
534	Al Dawaa Pharmacy PH-662	1010321417	598	Al Dawaa Pharmacy PH-740	2051057635
535	Al Dawaa Pharmacy PH-663	1010331947	599	Al Dawaa Pharmacy PH-741	2252032798
536	Al Dawaa Pharmacy PH-664	1010331953	600	Al Dawaa Pharmacy PH-742	2056004468
537	Al Dawaa Pharmacy PH-665	1010331950	601	Al Dawaa Pharmacy PH-743	2050090366
538	Al Dawaa Pharmacy PH-666	1010331900	602	Al Dawaa Pharmacy PH-744	2050090365
539	Al Dawaa Pharmacy PH-667	1010331944	603	Al Dawaa Pharmacy PH-745	2055020769
540	Al Dawaa Pharmacy PH-668	1010332117	604	Al Dawaa Pharmacy PH-746	2051053461
541	Al Dawaa Pharmacy PH-669	1010332115	605	Al Dawaa Pharmacy PH-747	2051052375
542	Al Dawaa Pharmacy PH-670	1010332112	606	Al Dawaa Pharmacy PH-748	2062032624
543	Al Dawaa Pharmacy PH-671	1010337187	607	Al Dawaa Pharmacy PH-749	2251050884
544	Al Dawaa Pharmacy PH-672	1010337186	608	Al Dawaa Pharmacy PH-750	2050100486
545	Al Dawaa Pharmacy PH-673	1010350646	609	Al Dawaa Pharmacy PH-751	2050090367
546	Al Dawaa Pharmacy PH-674	1010350315	610	Al Dawaa Pharmacy PH-752	2051057636
547	Al Dawaa Pharmacy PH-675	1010350319	611	Al Dawaa Pharmacy PH-753	2511108582
548	Al Dawaa Pharmacy PH-676	1010362574	612	Al Dawaa Pharmacy PH-754	2511108583
549	Al Dawaa Pharmacy PH-677	1010362565	613	Al Dawaa Pharmacy PH-755	2511020985
550	Al Dawaa Pharmacy PH-678	1010362559	614	Al Dawaa Pharmacy PH-759	2251052660
551	Al Dawaa Pharmacy PH-679	1010362562	615	Al Dawaa Pharmacy PH-760	2511022835
552	Al Dawaa Pharmacy PH-680	1010362569	616	Al Dawaa Pharmacy PH-761	2511022838
553	Al Dawaa Pharmacy PH-681	1010362568	617	Al Dawaa Pharmacy PH-762	2250062015
554	Al Dawaa Pharmacy PH-682	1010362566	618	Al Dawaa Pharmacy PH-763	2511022836
555	Al Dawaa Pharmacy PH-683	1010362573	619	Al Dawaa Pharmacy PH-765	2511022837
556	Al Dawaa Pharmacy PH-684	1010362553	620	Al Dawaa Pharmacy PH-766	2511022834
557	Al Dawaa Pharmacy PH-685	1010362582	621	Al Dawaa Pharmacy PH-767	2056005299
558	Al Dawaa Pharmacy PH-686	1010362580	622	Al Dawaa Pharmacy PH-769	2251061678
559	Al Dawaa Pharmacy PH-687	1010362567	623	Al Dawaa Pharmacy PH-770	2055024132
560	Al Dawaa Pharmacy PH-688	1010370399	624	Al Dawaa Pharmacy PH-771	2056005300
561	Al Dawaa Pharmacy PH-689	1010370403	625	Al Dawaa Pharmacy PH-772	2051057634
562	Al Dawaa Pharmacy PH-690	1010370406	626	Al Dawaa Pharmacy PH-775	2511022853
563	Al Dawaa Pharmacy PH-692	1010385580	627	Al Dawaa Pharmacy PH-774	2251029045
564	Al Dawaa Pharmacy PH-693	1010385579	628	Al Dawaa Pharmacy PH-776	2511022833
565	Al Dawaa Pharmacy PH-694	1010385578	629	Al Dawaa Pharmacy PH-777	2051057088
566	Al Dawaa Pharmacy PH-695	1010418221	630	Al Dawaa Pharmacy PH-778	2059003888
567	Al Dawaa Pharmacy PH-697	1010416428	631	Al Dawaa Pharmacy PH-779	2050105563
568	Al Dawaa Pharmacy PH-698	1010416427	632	Al Dawaa Pharmacy PH-780	2050111031
569	Al Dawaa Pharmacy PH-699	1010417153	633	Al Dawaa Pharmacy PH-781	2050105504
570	Al Dawaa Pharmacy PH-701	2050082486	634	Al Dawaa Pharmacy PH-783	2050105562

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

36 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number	Serial	Branch Name	Commercial Registration Number
635	Al Dawaa Pharmacy PH-785	2511024575	699	Al Dawaa Pharmacy PH-860	1010610110
636	Al Dawaa Pharmacy PH-787	2050105530	700	Al Dawaa Pharmacy PH-861	1010608077
637	Al Dawaa Pharmacy PH-788	2050105668	701	Al Dawaa Pharmacy PH-862	1010612371
638	Al Dawaa Pharmacy PH-789	2050105532	702	Al Dawaa Pharmacy PH-864	1010608087
639	Al Dawaa Pharmacy PH-790	2511023563	703	Al Dawaa Pharmacy PH-865	1010612078
640	Al Dawaa Pharmacy PH-792	2511023571	704	Al Dawaa Pharmacy PH-866	1010466117
641	Al Dawaa Pharmacy PH-793	2050105529	705	Al Dawaa Pharmacy PH-867	1010608076
642	Al Dawaa Pharmacy PH-794	2050105669	706	Al Dawaa Pharmacy PH-870	1010466107
643	Al Dawaa Pharmacy PH-795	2057007892	707	Al Dawaa Pharmacy PH-871	1010466129
644	Al Dawaa Pharmacy PH-796	2051061742	708	Al Dawaa Pharmacy PH-873	1010467572
645	Al Dawaa Pharmacy PH-797	2251062538	709	Al Dawaa Pharmacy PH-874	1010608084
646	Al Dawaa Pharmacy PH-798	2051061773	710	Al Dawaa Pharmacy PH-875	1010611594
647	Al Dawaa Pharmacy PH-799	2051061748	711	Al Dawaa Pharmacy PH-876	1010608091
648	Al Dawaa Pharmacy PH-801	1010417157	712	Al Dawaa Pharmacy PH-877	1010608081
649	Al Dawaa Pharmacy PH-802	1010423869	713	Al Dawaa Pharmacy PH-878	1134003933
650	Al Dawaa Pharmacy PH-803	1010432346	714	Al Dawaa Pharmacy PH-879	1010608703
651	Al Dawaa Pharmacy PH-804	1010432351	715	Al Dawaa Pharmacy PH-882	1132107166
652	Al Dawaa Pharmacy PH-805	1010432084	716	Al Dawaa Pharmacy PH-883	1010612373
653	Al Dawaa Pharmacy PH-806	1010432350	717	Al Dawaa Pharmacy PH-889	1010452834
654	Al Dawaa Pharmacy PH-808	1010432347	718	Al Dawaa Pharmacy PH-890	1010452920
655	Al Dawaa Pharmacy PH-809	1010432292	719	Al Dawaa Pharmacy PH-891	1010460516
656	Al Dawaa Pharmacy PH-810	1010432348	720	Al Dawaa Pharmacy PH-892	1010458645
657	Al Dawaa Pharmacy PH-812	1010434294	721	Al Dawaa Pharmacy PH-893	1128181593
658	Al Dawaa Pharmacy PH-813	1010434295	722	Al Dawaa Pharmacy PH-895	1010463056
659	Al Dawaa Pharmacy PH-814	1010434365	723	Al Dawaa Pharmacy PH-896	1010581397
660	Al Dawaa Pharmacy PH-815	1010434371	724	Al Dawaa Pharmacy PH-897	1128182647
661	Al Dawaa Pharmacy PH-817	1010434382	725	Al Dawaa Pharmacy PH-898	1132109587
662	Al Dawaa Pharmacy PH-818	1010434373	726	Al Dawaa Pharmacy PH-899	1011141100
663	Al Dawaa Pharmacy PH-819	1010434381	727	Al Dawaa Pharmacy PH-901	4030279550
664	Al Dawaa Pharmacy PH-820	1010434383	728	Al Dawaa Pharmacy PH-902	4030280573
665	Al Dawaa Pharmacy PH-821	1010436022	729	Al Dawaa Pharmacy PH-903	4030280579
666	Al Dawaa Pharmacy PH-822	1010437310	730	Al Dawaa Pharmacy PH-904	4030280571
667	Al Dawaa Pharmacy PH-824	1010437305	731	Al Dawaa Pharmacy PH-905	4030280572
668	Al Dawaa Pharmacy PH-825	1010437311	732	Al Dawaa Pharmacy PH-906	4030280577
669	Al Dawaa Pharmacy PH-826	1010463059	733	Al Dawaa Pharmacy PH-907	4030280574
670	Al Dawaa Pharmacy PH-827	1010463166	734	Al Dawaa Pharmacy PH-908	4030280970
671	Al Dawaa Pharmacy PH-828	1010463674	735	Al Dawaa Pharmacy PH-909	4030280576
672	Al Dawaa Pharmacy PH-829	1010463057	736	Al Dawaa Pharmacy PH-910	4030280969
673	Al Dawaa Pharmacy PH-830	1010463170	737	Al Dawaa Pharmacy PH-911	4030280973
674	Al Dawaa Pharmacy PH-831	1010463171	738	Al Dawaa Pharmacy PH-912	4030280972
675	Al Dawaa Pharmacy PH-832	1010463168	739	Al Dawaa Pharmacy PH-913	4030280971
676	Al Dawaa Pharmacy PH-835	1010463164	740	Al Dawaa Pharmacy PH-914	4030281802
677	Al Dawaa Pharmacy PH-836	1010463156	741	Al Dawaa Pharmacy PH-915	4030281801
678	Al Dawaa Pharmacy PH-838	1115003951	742	Al Dawaa Pharmacy PH-916	4030282224
679	Al Dawaa Pharmacy PH-839	1010464468	743	Al Dawaa Pharmacy PH-917	4030282375
680	Al Dawaa Pharmacy PH-840	1128019698	744	Al Dawaa Pharmacy PH-919	4030282378
681	Al Dawaa Pharmacy PH-841	1010463752	745	Al Dawaa Pharmacy PH-921	4030282745
682	Al Dawaa Pharmacy PH-842	1010466092	746	Al Dawaa Pharmacy PH-922	4030282748
683	Al Dawaa Pharmacy PH-843	1010466090	747	Al Dawaa Pharmacy PH-923	4030283636
684	Al Dawaa Pharmacy PH-844	1010466099	748	Al Dawaa Pharmacy PH-924	4030283640
685	Al Dawaa Pharmacy PH-845	1010466091	749	Al Dawaa Pharmacy PH-925	4030283638
686	Al Dawaa Pharmacy PH-846	1010467586	750	Al Dawaa Pharmacy PH-926	4030283639
687	Al Dawaa Pharmacy PH-847	1010467904	751	Al Dawaa Pharmacy PH-927	4030284421
688	Al Dawaa Pharmacy PH-848	1010466114	752	Al Dawaa Pharmacy PH-928	4030284420
689	Al Dawaa Pharmacy PH-849	1010608092	753	Al Dawaa Pharmacy PH-930	4030284416
690	Al Dawaa Pharmacy PH-850	1010466108	754	Al Dawaa Pharmacy PH-933	4030286836
691	Al Dawaa Pharmacy PH-851	1010466109	755	Al Dawaa Pharmacy PH-935	4030286838
692	Al Dawaa Pharmacy PH-853	1010608085	756	Al Dawaa Pharmacy PH-937	4030286841
693	Al Dawaa Pharmacy PH-854	1010466104	757	Al Dawaa Pharmacy PH-938	4030286837
694	Al Dawaa Pharmacy PH-855	1116011565	758	Al Dawaa Pharmacy PH-939	4650081086
695	Al Dawaa Pharmacy PH-856	1010466116	759	Al Dawaa Pharmacy PH-940	4030290245
696	Al Dawaa Pharmacy PH-857	1010466106	760	Al Dawaa Pharmacy PH-941	4650081067
697	Al Dawaa Pharmacy PH-858	1010466103	761	Al Dawaa Pharmacy PH-942	4650081068
698	Al Dawaa Pharmacy PH-859	1010466093	762	Al Dawaa Pharmacy PH-943	4030290259

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2019

36 BRANCHES (continued)

Serial	Branch Name	Commercial Registration Number
763	Al Dawaa Pharmacy PH-944	4030290261
764	Al Dawaa Pharmacy PH-945	4030290262
765	Al Dawaa Pharmacy PH-946	4030290258
766	Al Dawaa Pharmacy PH-948	4030290265
767	Al Dawaa Pharmacy PH-949	4030290266
768	Al Dawaa Pharmacy PH-950	4030290267
769	Al Dawaa Pharmacy PH-951	4650082024
770	Al Dawaa Pharmacy PH-952	4650082021
771	Al Dawaa Pharmacy PH-953	4650082193
772	Al Dawaa Pharmacy PH-954	4650082192
773	Al Dawaa Pharmacy PH-955	4650082022
774	Al Dawaa Pharmacy PH-956	4031098733
775	Al Dawaa Pharmacy PH-957	4031098737
776	Al Dawaa Pharmacy PH-958	4031098734
777	Al Dawaa Pharmacy PH-959	4031098741
778	Al Dawaa Pharmacy PH-960	4031098735
779	Al Dawaa Pharmacy PH-961	4031098740
780	Al Dawaa Pharmacy PH-962	4031098736
781	Al Dawaa Pharmacy PH-963	4650082023
782	Al Dawaa Pharmacy PH-964	4030291539
783	Al Dawaa Pharmacy PH-965	4031098739
784	Al Dawaa Pharmacy PH-966	4650082305
785	Al Dawaa Pharmacy PH-967	4652001043
786	Al Dawaa Pharmacy PH-970	4030305378
787	Al Dawaa Pharmacy PH-971	4030305377
788	Al Dawaa Pharmacy PH-973	4030309900
789	Al Dawaa Pharmacy PH-974	4030310910
790	Al Dawaa Pharmacy PH-975	4030317463
791	Al Dawaa Pharmacy PH-976	4030284177
792	Al Dawaa Pharmacy PH-977	4031231357
793	Al Dawaa Pharmacy PH-1001	5800018718
794	Al Dawaa Pharmacy PH-1002	5851008690
795	Al Dawaa Pharmacy PH-1003	5851008692
796	Al Dawaa Pharmacy PH-1004	5851008691
797	Al Dawaa Pharmacy PH-1005	5854001642
798	Al Dawaa Pharmacy PH-1006	5850069828
799	Al Dawaa Pharmacy PH-1007	5857069826
800	Al Dawaa Pharmacy PH-1008	5855069827
801	Al Dawaa Pharmacy PH-1009	5864069829
802	Al Dawaa Pharmacy PH-1011	5900034945
803	Al Dawaa Pharmacy PH-1013	5950032607
804	Al Dawaa Pharmacy PH-1014	4603009024
805	Al Dawaa Pharmacy PH-1015	5852007102
806	Al Dawaa Pharmacy PH-1016	5852007087
807	Al Dawaa Pharmacy PH-1017	5852007086
808	Al Dawaa Pharmacy PH-1018	4700020118
809	Al Dawaa Pharmacy PH-1019	4700020116
810	Al Dawaa Pharmacy PH-1020	4700020115
811	Al Dawaa Pharmacy PH-1021	4700020119
812	Al Dawaa Pharmacy PH-1022	5900035485
813	Al Dawaa Pharmacy PH-1023	5907035486
814	Al Dawaa Pharmacy PH-1024	5855070181
815	Al Dawaa Pharmacy PH-1025	5855070182
816	Al Dawaa Pharmacy PH-1026	5855070250
817	Al Dawaa Pharmacy PH-1027	5850070183
818	Al Dawaa Pharmacy PH-1028	5950032734
819	Al Dawaa Pharmacy PH-1029	5950032736
820	Al Dawaa Pharmacy PH-1030	5900034944
821	Al Dawaa Pharmacy PH-1031	5800021330
822	Al Dawaa Pharmacy PH-1032	5950032735
823	Al Dawaa Pharmacy PH-1033	5855070251
824	Al Dawaa Pharmacy PH-1034	5852102350
825	Al Dawaa Pharmacy PH-1036	5860070362
826	Al Dawaa Pharmacy PH-1037	5864070247
827	Al Dawaa Pharmacy PH-1038	5801021333
828	Al Dawaa Pharmacy PH-1039	5906035837
829	Al Dawaa Pharmacy PH-1041	5852007125
830	Al Dawaa Pharmacy PH-1042	4700020114
831	Al Dawaa Pharmacy PH-1043	4700020117
832	Al Dawaa Pharmacy PH-1044	5850120199
833	Al Dawaa Pharmacy PH-1045	5903502122
834	Al Dawaa Pharmacy PH-1046	5911503122
835	Al Dawaa Pharmacy PH-1047	5901716692
836	Al Dawaa Pharmacy PH-1048	5850121762
837	Al Dawaa Pharmacy PH-1049	5850121786
838	Al Dawaa Pharmacy PH-1050	5850121784
839	Al Dawaa Pharmacy PH-1051	5850121796
840	Al Dawaa Pharmacy PH-1052	5855341407
841	Al Dawaa Pharmacy PH-1053	5850121850
842	Al Dawaa Pharmacy PH-1054	5850121852
843	Al Dawaa Pharmacy PH-1055	4031228588
844	Al Dawaa Pharmacy PH-1056	5800104454
845	Al Dawaa Pharmacy PH-1057	5806100998
846	Al Dawaa Pharmacy PH-1058	5850123958
847	Al Dawaa Pharmacy PH-1059	5860612788
848	Al Dawaa Pharmacy PH-1060	4603150096
849	Al Dawaa Pharmacy PH-1062	5863525355
850	Al Dawaa Pharmacy PH-1063	5909628846
851	Al Dawaa Pharmacy PH-1064	5855345646
852	Al Dawaa Pharmacy PH-1065	5855345645
853	Al Dawaa Pharmacy PH-1200	4032049033
854	Al Dawaa Pharmacy PH-1201	4034001832
855	Al Dawaa Pharmacy PH-1202	4032050601
856	Al Dawaa Pharmacy PH-1203	4032050710
857	Al Dawaa Pharmacy PH-1204	4033001373
858	Al Dawaa Pharmacy PH-1205	4036001833

Al Dawaa Medical Services Company Limited

(A Limited Liability Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF AL DAWAA MEDICAL SERVICES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY)

Opinion

We have audited the financial statements of Al Dawaa Medical Services Company Limited (A Limited Liability Company) ("the Company"), which comprise the statement of the financial position as at 31 December 2020, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

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 Financial Statements section of our report. We are independent of the Company in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is responsible for overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF AL DAWAA MEDICAL SERVICES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF AL DAWAA MEDICAL SERVICES COMPANY LIMITED
(A LIMITED LIABILITY COMPANY) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
We communicate with the management 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.

for Ernst & Young

Marwan Al-Afaliq
Certified Public Accountant
Registration No. 422

13 Ramadan 1442H
25 April 2021

Alkhobar

شركة ارنست ويونغ وشركاهم (محاسبون قانونيون)
EY
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENSE No. 45
ERNST & YOUNG & Co. (CERTIFIED PUBLIC ACCOUNTANTS)

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	***2020*** ***SR***	*2019* *SR*
Revenue	6	**4,962,076,825**	3,962,426,676
Cost of sales		**(3,080,816,890)**	(2,375,471,810)
GROSS PROFIT		**1,881,259,935**	1,586,954,866
EXPENSES			
Selling and distribution	9	**(1,381,235,178)**	(1,195,853,613)
General and administration	10	**(107,122,710)**	(95,183,233)
OPERATING PROFIT		**392,902,047**	295,918,020
Finance costs - fair value loss on swap derivatives liabilities	19.4	**(94,948,262)**	(15,646,879)
Finance costs - others	11	**(60,268,546)**	(65,894,331)
Other income, net	12	**23,408,435**	29,598,368
PROFIT BEFORE ZAKAT		**261,093,674**	243,975,178
Zakat	13	**(14,658,413)**	(10,771,410)
PROFIT FOR THE YEAR		**246,435,261**	233,203,768
EARNINGS PER SHARE	14		
Basic and diluted earnings per share from profit for the year		**1,232**	1,166

The attached notes from 1 to 35 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	***2020*** ***SR***	*2019* *SR*
PROFIT FOR THE YEAR		**246,435,261**	233,203,768
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurement gains on employees' terminal benefits	27	**3,156,652**	4,506,066
Fair value gain on equity instruments designated at FVOCI	20	**44,866,256**	7,442,636
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**48,022,908**	11,948,702
TOTAL COMPREHENSIVE INCOME		**294,458,169**	245,152,470

The attached notes from 1 to 35 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 SR	2019 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	15	**658,021,169**	603,503,002
Right-of-use assets	16	**756,330,855**	721,519,928
Intangible assets	17	**19,245,846**	12,854,763
Investment in unconsolidated subsidiaries	18	**204,739**	204,739
Equity instruments designated at FVOCI	20	**217,215,001**	104,461,973
TOTAL NON-CURRENT ASSETS		**1,651,017,610**	1,442,544,405
CURRENT ASSETS			
Inventories	21	**1,323,778,026**	1,291,811,481
Accounts receivable and prepayments	22	**529,889,111**	317,172,571
Amounts due from related parties	23	**110,400**	1,645,086
Right of return assets	6	**1,628,649**	926,459
Bank balances and cash	24	**38,092,101**	85,046,675
TOTAL CURRENT ASSETS		**1,893,498,287**	1,696,602,272
TOTAL ASSETS		**3,544,515,897**	3,139,146,677
EQUITY AND LIABILITIES			
EQUITY			
Capital	25	**10,000,000**	10,000,000
Proposed increase in capital	25	**51,500,000**	51,500,000
Statutory reserve		**5,000,000**	5,000,000
Retained earnings		**994,021,140**	895,429,227
Fair value reserve of equity instruments designated at FVOCI		**52,308,892**	7,442,636
TOTAL EQUITY		**1,112,830,032**	969,371,863
NON-CURRENT LIABILITIES			
Lease liabilities	16	**575,954,404**	560,526,708
Employees' terminal benefits	27	**104,128,287**	89,596,283
TOTAL NON-CURRENT LIABILITIES		**680,082,691**	650,122,991
CURRENT LIABILITIES			
Refund liabilities	6	**2,821,040**	1,593,152
Accounts payable and accruals	28	**456,170,146**	557,357,047
Amounts due to related parties	23	**38,172,440**	7,763,221
Current portion of lease liabilities	16	**188,620,656**	172,662,169
Contract liabilities	29	**39,614,993**	28,162,329
Bank overdrafts and short-term loans	30	**891,040,409**	719,997,838
Swap derivatives liabilities	19.4	**114,906,887**	19,958,625
Zakat provision	13	**20,256,603**	12,157,442
TOTAL CURRENT LIABILITIES		**1,751,603,174**	1,519,651,823
TOTAL LIABILITIES		**2,431,685,865**	2,169,774,814
TOTAL EQUITY AND LIABILITIES		**3,544,515,897**	3,139,146,677

The attached notes from 1 to 35 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Capital *SR*	*Proposed increase in capital* *SR*	*Statutory reserve* *SR*	*Retained earnings* *SR*	*Fair value reserve of equity instruments designated at FVOCI* *SR*	*Total* *SR*
Balance at 1 January 2019	10,000,000	51,500,000	5,000,000	796,719,393	-	863,219,393
Profit for the year	-	-	-	233,203,768	-	233,203,768
Other comprehensive income	-	-	-	4,506,066	7,442,636	11,948,702
Total comprehensive income	-	-	-	237,709,834	7,442,636	245,152,470
Dividends (note 26)	-	-	-	(139,000,000)	-	(139,000,000)
Balance at 31 December 2019	10,000,000	51,500,000	5,000,000	895,429,227	7,442,636	969,371,863
Profit for the year	-	-	-	246,435,261	-	246,435,261
Other comprehensive loss	-	-	-	3,156,652	44,866,256	48,022,908
Total comprehensive income	-	-	-	249,591,913	44,866,256	294,458,169
Dividends (note 26)	-	-	-	(151,000,000)	-	(151,000,000)
Balance at 31 December 2020	**10,000,000**	**51,500,000**	**5,000,000**	**994,021,140**	**52,308,892**	**1,112,830,032**

The attached notes 1 to 35 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 SR	2019 SR
OPERATING ACTIVITIES			
Profit before zakat		**261,093,674**	243,975,178
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation for property and equipment	15	**139,234,017**	146,698,830
Depreciation for right-of-use assets	16	**166,005,586**	161,719,830
Gain on disposal of property and equipment	12	**(636,617)**	(1,661,423)
(Gain)/loss on derecognition due to termination of leases	12	**(2,447,980)**	1,112,959
Write off of property and equipment	9	**10,938,803**	7,841,886
Amortisation of intangible assets	17	**3,888,403**	4,417,860
Provision for employees' terminal benefits	27	**20,193,455**	14,074,010
Finance costs - others	11	**60,268,546**	65,894,331
Finance costs - fair value loss on swap derivatives liabilities	19.4	**94,948,262**	15,646,879
		753,486,149	659,720,340
Working capital adjustments			
Inventories		**(31,966,545)**	13,110,925
Right of return assets		**(702,190)**	319,411
Accounts receivable and prepayments		**(212,716,540)**	(82,676,548)
Amounts due from related parties		**1,534,686**	(869,219)
Accounts payable and accruals		**(101,186,901)**	(29,131,507)
Amounts due to related parties		**26,634,219**	(1,531,500)
Contract liabilities		**11,452,664**	3,197,871
Refund liabilities		**1,227,888**	(562,527)
Cash flows from operations		**447,763,430**	561,577,246
Finance costs paid		**(28,868,818)**	(32,304,540)
Employees' terminal benefits paid	27	**(5,557,082)**	(5,281,000)
Zakat paid	13	**(6,559,252)**	(8,976,263)
Net cash from operating activities		**406,778,278**	515,015,443
INVESTING ACTIVITIES			
Purchase of property and equipment	15	**(204,814,770)**	(155,630,117)
Proceeds from disposal of property and equipment	15	**760,400**	1,861,818
Additions to intangible assets	17	**(10,279,486)**	(3,003,495)
Purchase of equity instruments designated at FVOCI	20	**(67,886,772)**	(97,019,337)
Net cash used in investing activities		**(282,220,628)**	(253,791,131)
FINANCING ACTIVITIES			
Net movement in bank overdrafts and short-term loans		**171,042,571**	20,784,780
Repayments of lease liabilities	16	**(191,000,136)**	(161,842,322)
Settlement for closure of certain lease contracts of branches		**(4,329,659)**	(3,799,500)
Dividends paid	26	**(147,225,000)**	(139,000,000)
Net cash used in financing activities		**(171,512,224)**	(283,857,042)
NET DECREASE IN BANK BALANCES AND CASH		**(46,954,574)**	(22,632,730)
Bank balances and cash at 1 January		**85,046,675**	107,679,405
BANK BALANCES AND CASH AT 31 DECEMBER	24	**38,092,101**	85,046,675

The attached notes from 1 to 35 form part of these financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2020

	Notes	***2020***	*2019*
		SR	*SR*
SIGNIFICANT NON-CASH TRANSACTIONS:			
Additions to right-of-use assets and lease liabilities	16	**192,573,316**	134,972,207
Modification to right-of-use assets and lease liabilities	16	**62,213,531**	52,089,560
Derecognised of right-of-use assets due to termination	16	**(53,970,334)**	(46,669,149)
Derecognised of lease liabilities due to termination	16	**(60,747,973)**	(49,355,692)
Interest cost on lease liabilities	16	**28,347,445**	30,441,743
Interest cost on employees' terminal benefits	27	**3,052,283**	3,148,048
Remeasurement gains on employees' terminal benefits	27	**3,156,652**	4,506,066
Dividends settled against amounts due from a related party		**3,775,000**	-
Finance costs - fair value loss on swap derivatives liabilities	19.4	**(94,948,262)**	(15,646,879)
Fair value gain on equity instruments designated at FVOCI	20	**44,866,256**	7,442,636

The attached notes from 1 to 35 form part of these financial statements.

1 CORPORATE INFORMATION

1.1 Al Dawaa Medical Services Company Limited (the "Company") is a Limited Liability Company registered in Al Khobar, Kingdom of Saudi Arabia under Commercial Registration number 2051025701 dated 23 Ramadan 1422H (corresponding to 8 December 2001) with branches in Khobar, Riyadh, Jeddah, and other cities across the Kingdom as detailed in note 35. The Company is wholly owned by Saudi partners.

1.2 The Company is engaged in online wholesale, pharmaceutical agents, wholesale pharmaceutical goods, pharmacy activities, pharmaceutical warehouse activities, retailing of medical equipment and equipment, online retailing, land transport of goods, providing delivery services via electronic platforms, managing and renting self-storage stores, providing marketing services on behalf of third parties.

1.3 The Company's registered office is located at P.O. box 4326, Al Khobar 31952, Kingdom of Saudi Arabia.

1.4 The Company has accounted for its investment in subsidiaries at cost and no consolidated financial statements have been prepared as the subsidiaries have not yet commenced any operations. The assets, liabilities and operations of the subsidiaries as of 31 December 2020 and for the year then ended are not material to the Company's financial statements.

1.5 The financial statements of the Company as of 31 December 2020 were authorised for issuance by the management on 13 Ramadan 1442H (corresponding to 25 April 2021).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared on a historical cost basis except for equity instruments designated at FVOCI and swap derivatives designated that have been measured at fair value, using the accrual basis of accounting. For employees' terminal benefits, actuarial present value calculation is used.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months from the statement of financial position date; or
- It is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 **Current versus non-current classification (continued)**

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.2 **Fair value measurement**

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

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

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

For assets and liabilities that are recognised on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The policies and procedures for both recurring fair value measurement and for non-recurring measurement are evaluated periodically.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3.3 **Revenue recognition**

Revenue is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer. The Company generates revenue from the following sources:

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 **Revenue recognition (continued)**

3.3.1 ***Retail***

The Company operates a chain of retail stores (pharmacies and healthcare stores) selling medicines; perfumes, cosmetics and beauty tools and products. Revenue is recognised at the point in time when control of the asset is transferred to the customer (i.e. at the point the customer purchases the goods at the retail outlet). Payment of the transaction price is due immediately at the point in time when control of the asset is transferred to the customer. However, certain sales are through insurance and other companies. A receivable is recognised by the Company upon transfer of control as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. It is the Company's policy to sell its products to the its customers with a right of return within 72 hours. However, the management concluded that the expected returns based on pattern of historical returns is deemed immaterial, accordingly the management has not accounted for it.

3.3.2 ***Wholesale***

The Company sells medicines and cosmetics to the wholesale market. Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised by the Company when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(i) ***Variable consideration***

If the consideration in a contract includes a variable amount, the Company 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. Some contracts for the wholesale provide customers with a right to return the goods within a specified period. The Company also provides retrospective volume rebates to certain customers once the quantity of purchased during a 12 months period exceeds the threshold specified in the contract. The rights of return and volume rebates give rise to variable consideration.

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in note 5.

a) Rights of return

The Company uses the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

b) Volume rebates

The Company applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Company then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. Volume rebates are offset against amounts receivable from the customers.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 **Revenue recognition (continued)**

(ii) ***Significant financing component***

The Company does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(iii) ***Loyalty points programme***

The Company operates 'Arbahi' loyalty programme which allows customers to accumulate points when they purchase products in the Company's retail stores. The points can be redeemed for discounts on future purchases. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer or when the points are expired (i.e. 12 months after the initial sale).

When estimating the stand-alone selling price of the loyalty points, the Company considers the likelihood that the customer will redeem the points. The Company updates its estimates of the points that will be redeemed at the end of each reporting period and any adjustments to the contract liability balance are charged against revenue.

The disclosures of significant estimates and assumptions relating to the estimation of the stand-alone selling price of the loyalty points are provided in note 5.

(iv) ***Contract balances***

a) Accounts receiveble

Accounts receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 3.13 under Financial instruments – initial recognition, subsequent measurement and derecognition.

b) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e. transfers control of the related goods to the customer). Refer to accounting policies of financial liabilities in note 3.13 under Financial instruments – initial recognition, subsequent measurement and derecognition.

(v) ***Assets and liabilities arising from rights of return***

a) Right of return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

b) Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

3.4 **Cost of sales and operating expenses**

Cost of sales includes costs previously included in the measurement of the inventory that has been sold to customers. Selling and distribution expenses are those that specifically relate to salesmen, delivery vehicles, and rental of pharmacies as well as expected credit losses. All other expenses, except for finance costs, are classified as general and administration expenses.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Cost of sales and operating expenses (continued)

Commercial income

The Company has agreements with suppliers whereby volume-related allowances, promotional and marketing allowances and various other fees and discounts are received in connection with the purchase of goods for resale from those suppliers. Most of the income received from suppliers relates to adjustments to a core cost price of a product, and as such is considered part of the purchase price for that product. Sometimes receipt of the income is conditional on the Company performing specified actions or satisfying certain performance conditions associated with the purchase of the product. These include achieving agreed purchases or sales volume targets and providing promotional or marketing materials and activities or promotional product positioning. While there is no standard industry definition, these amounts receivable from suppliers in connection with the purchase of goods for resale are generally termed commercial income.

Commercial income is recognised when earned by the Company, which occurs when all obligations conditional for earning income have been discharged, and the income can be measured reliably based on the terms of the contract. The income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Company at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Amounts due relating to commercial income are recognised within trade and other receivables, except in cases where the Company currently has a legally enforceable right of set-off and intends to offset amounts due from suppliers against amounts owed to those suppliers, in which case only the net amount receivable or payable is recognised.

3.5 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company at their respective spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

3.6 Zakat and indirect taxes

3.6.1 Zakat

Zakat is provided in accordance with the Regulations of the General Authority of Zakat and Tax (GAZT) in the Kingdom of Saudi Arabia and on accruals basis. The provision is charged to the statement of profit and loss.

3.6.2 Value-added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except:

- When VAT incurred on a purchase of assets or services is not recoverable from the 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; and
- When receivables and payables are stated with the amount of value-added tax included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.7 Cash dividend distribution to equity holders

The Company recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per provisions of Companies' Law, a distribution is authorised when it is approved by the partners. A corresponding amount is recognised directly in statement of changes in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 **Property and equipment**

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Property and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Depreciation is calculated from the date the item of property and equipment are available for its intended use or in respect of self-constructed assets, from the date such assets are ready for the intended use. Land and capital work in progress are not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold improvements	5 years
Motor vehicles and distribution vans	5 years
Furniture and fixtures	5 years
Office equipment	6.67 years
Building	25 years
Tools and air-conditions	6.67 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.9 **Leases**

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

Company as lessee
The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

3.9.1 Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property	2 -19 years
Land	12.4-16.8 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer note 3.12 Impairment of non-financial assets.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 **Leases (continued)**

3.9.2 Lease liabilities

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

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Company's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Company as a whole. Payments for short-term leases and leases of low-value assets are recognised on a straight-line basis in the statement of profit or loss.

3.10 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and interest charges in respect of lease liabilities.

3.11 **Intangible assets**

Intangibles acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life 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 considered to modify 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 recognised in the statement of profit in the expense category that is consistent with the function of the intangible assets.

The amortisation period for intangible assets with a finite useful life is as follows:

Software	6.7 years

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 **Impairment of non-financial assets**

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

In assessing the value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate (pre-zakat/tax) that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. 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 companies or other available fair value indicators.

The Company's impairment calculation is based on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGU's to which the individual asset are allocated. These budgets and forecast calculations are generally covering a five-year period. For longer years, a long-term growth rate is calculated and applied to project future cash flows after the budgeted period.

Impairment losses of continuing operations, including impairment on working capital, if applicable, are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Irrespective of whether there is any indication of impairment, the Company shall also test intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing their carrying amount with respective recoverable amount. This impairment test may be performed at any time during an annual period, provided it is performed at the same time every year.

For assets, an assessment is made at each financial year-end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. This reversal is limited such that the recoverable amount doesn't exceed what the carrying amount would have been, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

3.13 **Financial instruments – initial recognition, subsequent measurement and derecognition**

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.13.1 **Financial assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 **Financial instruments – initial recognition, subsequent measurement and derecognition (continued)**

3.13.1 **Financial assets (continued)**

Initial recognition and measurement

Accounts receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price as disclosed in note 3.3 under revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

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

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) - not applicable to the Company
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss - not applicable to the Company

Financial assets at amortised cost (debt instruments)

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

The Company's financial assets at amortised cost includes accounts receivable, bank balances, and amounts due from related parties and other receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed equity investments under this category.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 **Financial instruments – initial recognition, subsequent measurement and derecognition (continued)**

3.13.1 **Financial assets (continued)**

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  a) The Company has transferred substantially all the risks and rewards of the asset, or

  b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are more than one year past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.13.2 **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 **Financial instruments – initial recognition, subsequent measurement and derecognition (continued)**

3.13.2 **Financial liabilities (continued)**

Initial recognition and measurement (continued)

The Company's financial liabilities include accounts payable, retention payables, value-added tax payable, other paybales, amounts due to related parties, leases liabilities, bank overdrafts and short-term loans and derivative financial instruments.

Subsequent measurement

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

- Financial liabilities at fair value through profit or loss ("FVTPL") - not applicable to the Company
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to accounts payable, value-added tax payable, retention payables, other paybales, amounts due to related parties, leases liabilities, bank overdrafts and short-term loans.

Derecognition

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

3.13.3 **Offsetting of financial instruments**

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

3.14 **Derivative financial instruments**

Initial recognition and subsequent measurement

The Company uses derivative financial instruments (which are all interest rate swaps) to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

3.15 **Inventories**

Inventories comprise goods held for resale. Inventories are valued at the lower of cost and net realisable value using the weighted average cost basis. Directly attributable costs and incomes (including applicable commercial income) are included in the cost of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.16 **Bank balances and cash**

Bank balances and cash in the statement of financial position compromise of cash at banks and cash on hand which are subject to insignificant risk of change in value.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 **Statutory reserve**

In accordance with the Saudi Arabian Regulations for Companies, the Company must set aside 10% of its net income after deducting losses brought forward in each year until it has built up a reserve equal to 30% of capital. The reserve is not available for distribution except in circumstances specified in the Saudi Arabian Regulations for Companies. The management in the prior years have resolved to keep the statutory at 50% of capital.

3.18 **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax (zakat) rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.19 **Employees' benefits**

3.19.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and air fare that are expected to be settled wholly within twelve months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in statement of financial position under accrued expenses.

3.19.2 Employees' terminal benefits

The Company operates a non-funded employee terminal benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets at that date.

The defined benefit obligation is re-measured by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post-employment benefit obligations. Net interest cost is calculated by applying the discount rate to the net balance of the DBO and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Re-measurement gains and losses arising from changes in actuarial assumptions are recognised in the period in which they occur in OCI. Changes in the present value of the DBO resulting from plan amendments or curtailments are recognised immediately in the statement of profit or loss as past service costs.

For the liability for employees' terminal benefits, the actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour and Workmen Law as well as the Company policy.

3.20 **Contingencies**

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4.1 Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

4.2 Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and / or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company.

4.3 Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

4.4 Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

4.5 Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

Other disclosures relating to the exposure to risks and uncertainties include:

Capital management	Note 7
Financial instruments and risk management	Note 19
Sensitivity analyses disclosures	Note 19 and 27

5.1 Judgements

In the process of applying the Company' accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

5.1.1 Determination and allocation of transaction prices

The Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Company assess the impact of any variable consideration in the contract; due to rebates; right to return and customer loyalty programme. The Company uses the expected value method to estimates the goods that will be returned and volume rebates, because this method best predicts the amount of variable consideration to which the Company will be entitled.

For customer loyalty programme, transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience.

The stand-alone selling price of the product sold is estimated on the basis of the retail price.

5.1.2 Determining the lease term of contracts with renewal and termination options - Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has a lease contract that include extension and termination option. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

5.1.3 Component parts of property and equipment

The Company’s assets, classified within property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately. Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption, and its replacement cycle/maintenance schedule.

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5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

5.2 **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

5.2.1 Useful lives of property and equipment

Management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

5.2.2 Impairment test of non-financial assets

Impairment of non-financial assets incur when the carrying value of an asset or Cash Generating Unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing off the asset. The value in use is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget and business plan for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future net cash-inflows and the growth rate used for extrapolation purposes.

5.2.3 Provision for expected credit losses of trade accounts receivables

The Company uses a provision matrix to calculate ECLs for trade accounts receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's accounts receivable is disclosed in note 19.2.2.

5.2.4 Valuation of employees' terminal benefits

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and other assumptions. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

5.2 **Estimates and assumptions (continued)**

5.2.5 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

5.2.6 Revenue recognition - Estimating variable consideration for returns and volume rebates

The Company estimates variable considerations to be included in the transaction price for the wholesale with rights of return and volume rebates.

The Company has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.

The Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Company applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Company.

The Company updates its assessment of expected returns and volume rebates at the end of each reporting period. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future.

5.2.7 Revenue recognition - Estimating stand-alone selling price – Arbahi loyalty programme

The Company estimates the stand-alone selling price of the loyalty points awarded under the Arbahi loyalty programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Company considers breakage which represents the portion of the points issued that will never be redeemed. The Company applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Company considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Company ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate. As at 31 December 2020, the estimated liability for unredeemed points was SR 39.6 million (2019: SR 28.2 million).

5.2.8 Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

5 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

5.2 Estimates and assumptions (continued)

5.2.9 Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

5.2.10 Commercial income

Management is required to make estimates in determining the amount and timing of recognition of commercial income for some transactions with suppliers. In determining the amount of volume-related allowances recognised in any period, management estimate the probability that the Company will meet contractual target volumes, based on historical and forecast performance. There is limited estimation involved in recognising income for promotional and other allowances. Management assesses its performance against the obligations conditional on earning the income, with the income recognised either over time as the obligations are met, or recognised at the point when all obligations are met, dependent on the contractual requirements.

Commercial income is recognised as a credit within cost of sales. Where the income earned relates to inventories which are held by the Company at period ends, the income is included within the cost of those inventories, and recognised in cost of sales upon sale of those inventories. Management views that the cost of inventories sold (which is inclusive of commercial income) provides a consistent and complete measure of the income statement impact of the overall suppliers relationships.

6 REVENUE

6.1 Disaggregated revenue information

	2020	*2019*
	SR	*SR*
Type of revenue		
Retail	**4,814,155,231**	3,828,562,102
Wholesale	**147,921,594**	133,864,574
Total revenue	**4,962,076,825**	3,962,426,676
Geographical markets		
Saudi Arabia	**4,962,076,825**	3,962,426,676
Timing of revenue recognition		
Goods transferred at a point in time	**4,962,076,825**	3,962,426,676

6.2 Contract balances

	2020	*2019*
	SR	*SR*
Accounts receivable (note 22)	**245,599,589**	154,127,620
Contract liabilities (note 29)	**39,614,993**	28,162,329

6 REVENUE (continued)

6.2 **Contract balances (continued)**

Accounts receivables are non-interest bearing and are generally on terms of 30 to 90 days. Increase in Company's customer base and quantum of sales resulted in increase in accounts receivable. Provision for expected credit loss on accounts receivable amounted to SR 28.3 million (2019: SR 28.9 million).

Contract liabilities include transaction price allocated to loyalty points not yet redeemed. The outstanding balances of these accounts increased in 2020 and 2019 due to the continuous increase in the Company's customer base and quantum of sales.

Set out below is the amount of revenue recognised from:

	2020	*2019*
	SR	*SR*
Amounts included in contract liabilities at the beginning of the year	**51,137,105**	35,271,168

6.3 **Right of return assets and refund liabilities**

	2020	*2019*
	SR	*SR*
Right of return assets (note 6.3.1)	**1,628,649**	926,459
Refund liabilities (note 6.3.2)	**2,821,040**	1,593,152

6.3.1 The right to returned asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's policy. The right to return is measured by reference to the former carrying amounts of the goods.

6.3.2 The refund liability relates to customers' right to return products. The Company recognises a refund liability for the amount of consideration received for which the entity does not expect to be entitled.

7 CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise equity value.

Management's policy is to maintain a strong capital base so as to maintain creditor and to sustain future development of the business. The Company manages its capital structure and makes adjustments in light of changes in economic conditions, business conditions and the requirements of the financial covenants. Management monitors the return on capital, which the Company defines as net debt divided by total equity; net debt is total liabilities less bank balances and cash. Management also monitors the level of dividends to partners. The Company's net debt to capital ratio at the end of the reporting year was as follows:

	2020	*2019*
	SR	*SR*
Total Liabilities	**2,431,685,865**	2,169,774,814
Less: bank balances and cash	**(38,092,101)**	(85,046,675)
Net debt	**2,393,593,764**	2,084,728,139
Total equity	**1,112,830,032**	969,371,863
Equity and net debt	**3,506,423,796**	3,054,100,002
Gearing ratio	**68%**	68%

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At 31 December 2020

7 CAPITAL MANAGEMENT (continued)

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the bank overdrafts and short-term loans that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any bank overdrafts and short-term loans in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

8 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Levels 1, 2 or 3 during the years ended 31 December 2020 and 31 December 2019.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

		Fair value measurement using		
	Carrying value	*Level 1*	*Level 2*	*Level 3*
31 December 2020	*SR*	*SR*	*SR*	*SR*
Financial assets designated at fair value through OCI (equity instruments):				
Equity instruments designated at FVOCI	**217,215,001**	**217,215,001**	**-**	**-**
Derivatives financial instruments				
Swap derivatives liabilities	**114,906,887**	**-**	**114,906,887**	**-**

		Fair value measurement using		
	Carrying value	*Level 1*	*Level 2*	*Level 3*
31 December 2019	*SR*	*SR*	*SR*	*SR*
Financial assets designated at fair value through OCI (equity instruments):				
Equity instruments designated at FVOCI	104,461,973	104,461,973	-	-
Derivatives financial instruments				
Swap derivatives liabilities	19,958,625	-	19,958,625	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2020

9 SELLING AND DISTRIBUTION EXPENSES

	2020	2019
	SR	SR
Employees' cost	**855,086,492**	670,107,369
Depreciation of right-of-use assets (note 16)	**166,005,586**	161,719,830
Depreciation of property and equipment (note 15)	**137,335,528**	143,671,911
Marketing, advertising and sales promotions	**65,689,785**	68,813,693
Utilities	**34,002,307**	35,042,816
Repair and maintenance	**30,102,608**	29,859,425
Governmental fees	**17,660,414**	15,233,472
Write-off of property and equipment	**10,938,803**	7,841,886
Travel and transportation	**10,461,489**	8,614,932
Point of sale commissions	**7,416,698**	10,369,590
Stationery and printing	**5,035,328**	3,503,989
Cargo and packing	**4,948,848**	4,322,964
Insurance	**3,624,845**	3,067,797
IT services	**1,835,411**	1,281,340
Gifts and free samples	**1,020,004**	654,836
Expense relating to short-term leases (note 16)	**864,487**	1,030,575
Provision for expected credit loss (note 22)	**756,106**	3,816,462
Car rent and expenses	**467,610**	396,990
Others	**27,982,829**	26,503,736
	1,381,235,178	1,195,853,613

10 GENERAL AND ADMINISTRATION EXPENSES

	2020	2019
	SR	SR
Employees' cost	**49,396,311**	45,352,279
IT services (note 23)	**23,671,940**	15,186,106
Gifts and donation	**5,097,718**	1,801,592
Professional fees	**4,351,255**	6,374,074
Expense relating to short-term leases (note 16)	**4,220,730**	5,031,631
Amortisation of intangible assets (note 17)	**3,888,403**	4,417,860
Depreciation of property and equipment (note 15)	**1,898,489**	3,026,919
Travel	**949,507**	2,051,233
Al-Dawaa magazine and social responsibility	**660,000**	1,437,580
Vehicles expenses	**616,060**	882,482
Others	**12,372,297**	9,621,477
	107,122,710	95,183,233

11 FINANCE COSTS - OTHERS

	2020	2019
	SR	SR
Interest on borrowings and bank overdrafts	**28,868,818**	32,304,540
Interest on lease liabilities (note 16)	**28,347,445**	30,441,743
Interest cost on employees' terminal benefits (note 27)	**3,052,283**	3,148,048
	60,268,546	65,894,331

Al Dawaa Medical Services Company Limited (A Limited Liability Company)

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At 31 December 2020

12 OTHER INCOME, NET

	2020 ***SR***	*2019* *SR*
Gain on swap derivative instruments	**7,129,328**	8,646,783
Refund of human resource development fund (HRDF)	**4,451,931**	2,099,541
Dividend income from equity instruments designated at FVOCI (note 20)	**3,325,648**	-
Admin services (note 23)	**2,700,000**	2,726,806
Gain/(loss) on derecognition due to termination of leases (note 16)	**2,447,980**	(1,112,959)
Lab testing	**1,761,438**	1,430,746
Gain on disposal of property and equipment (note 15)	**636,617**	1,661,423
Insurance claim settlement	**453,638**	587,782
Loss from foreign currencies exchange	**(3,321,929)**	(572,897)
Recovering bad debts previously written off	**-**	1,088,247
Recovery of government charges in relation to employees	**-**	4,372,336
Reversal of liabilities no longer required	**-**	3,733,078
Others, net	**3,823,784**	4,937,482
	23,408,435	29,598,368

13 ZAKAT

13.1 Charge for the year

The Company is subject to zakat at the rate of 2.5% (2019: 2.5%) of zakat base calculated in accordance with zakat regulations enforced in the Kingdom of Saudi Arabia.

The zakat charge consists of:

	2020 ***SR***	*2019* *SR*
Current year provision	**14,658,413**	10,771,410

The provision is based on the following:

	2020 ***SR***	*2019* *SR*
Equity	**1,633,663,004**	724,219,393
Opening provisions and other adjustments	**165,917,990**	148,537,892
Book value of long term assets	**(1,652,626,976)**	(721,229,217)
	146,954,018	151,528,068
Zakatable results for the year	**381,317,813**	270,071,933
Zakat base	**528,271,831**	421,600,001

The difference between the financial and the zakatable results are mainly due to provisions which are not allowed in the calculation of zakatable results.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

13 ZAKAT (continued)

13.2 **Movements in provision during the year**

The movement in the zakat provision was as follows:

	2020	*2019*
	SR	*SR*
At the beginning of the year	**12,157,442**	10,362,295
Provided during the year	**14,658,413**	10,771,410
Payments during the year	**(6,559,252)**	(8,976,263)
At the end of the year	**20,256,603**	12,157,442

13.3 **Status of assessments**

Zakat assessments have been agreed with the General Authority for Zakat and Tax (GAZT) up to 2016. The Company's zakat return for the years 2017 to 2019 has been filed with the GAZT. However, the assessments have not yet been raised by the GAZT.

Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Kingdom of Saudi Arabia are subject to different interpretations. The assessments to be raised by the GAZT could be different from the declarations filed by the Company.

14 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year as follows:

	2020	*2019*
	SR	*SR*
Profit for the year	**246,435,261**	233,203,768
Weighted average number of ordinary shares outstanding	**200,000**	200,000
Basic and diluted earnings per share from profit for the year	**1,232**	1,166

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2020

15 PROPERTY AND EQUIPMENT

	For the year ended 31 December 2020								
	Land	*Leasehold improvements*	*Motor vehicles and distribution vans*	*Furniture and fixtures*	*Office equipment*	*Building*	*Tools and air-conditions*	*Capital work in progress*	***Total***
	SR	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*	*SR*	***SR***
Cost:									
At beginning of the year	34,549,542	508,062,568	102,013,704	247,915,951	51,314,092	212,508,214	96,497,120	52,291,129	1,305,152,320
Additions	2,600,000	14,101,000	19,829,045	36,616,686	10,174,212	-	5,587,578	115,906,249	204,814,770
Disposals	-	-	(3,266,770)	-	-	-	-	-	(3,266,770)
Transfers	-	76,490,236	-	5,941,816	-	-	170,447	(82,602,499)	-
Write-off	-	(60,198,135)	-	(10,139,718)	(316,234)	-	(2,672,205)	-	(73,326,292)
At end of the year	37,149,542	538,455,669	118,575,979	280,334,735	61,172,070	212,508,214	99,582,940	85,594,879	1,433,374,028
Accumulated depreciation:									
At beginning of the year	-	321,985,786	80,879,839	175,704,530	31,524,740	13,839,565	77,714,858	-	701,649,318
Charge for the year	-	79,511,863	9,331,528	31,444,399	2,591,142	13,287,332	3,067,753	-	139,234,017
Disposals	-	-	(3,142,987)	-	-	-	-	-	(3,142,987)
Write-off	-	(51,496,789)	-	(8,562,192)	(270,580)	-	(2,057,928)	-	(62,387,489)
At end of the year	-	350,000,860	87,068,380	198,586,737	33,845,302	27,126,897	78,724,683	-	775,352,859
Net book amounts:									
At 31 December 2020	**37,149,542**	**188,454,809**	**31,507,599**	**81,747,998**	**27,326,768**	**185,381,317**	**20,858,257**	**85,594,879**	**658,021,169**

15 PROPERTY AND EQUIPMENT (continued)

	For the year ended 31 December 2019								
	Land SR	*Leasehold improvements SR*	*Motor vehicles and distribution vans SR*	*Furniture and fixtures SR*	*Office equipment SR*	*Building SR*	*Tools and air-conditions SR*	*Capital work in progress SR*	*Total SR*
Cost:									
At beginning of the year	34,549,542	478,451,491	106,176,119	213,861,069	44,345,719	212,221,225	92,085,625	6,486,434	1,188,177,224
Additions	-	9,927,343	5,148,275	31,626,013	6,990,202	286,989	5,680,578	95,970,717	155,630,117
Disposals	-	(436,210)	(8,677,177)	-	(5,541)	-	(487,000)	-	(9,605,928)
Transfers	-	46,106,570	-	4,021,296	1,394	-	9,050	(50,138,310)	-
Write-off	-	(25,986,626)	(633,513)	(1,592,427)	(17,682)	-	(791,133)	(27,712)	(29,049,093)
At end of the year	34,549,542	508,062,568	102,013,704	247,915,951	51,314,092	212,508,214	96,497,120	52,291,129	1,305,152,320
Accumulated depreciation:									
At beginning of the year	-	261,469,569	79,982,460	145,116,908	26,914,258	570,451	71,509,580	-	585,563,226
Charge for the year	-	80,088,238	10,136,451	31,351,054	4,622,953	13,269,114	7,231,020	-	146,698,830
Disposals	-	(343,125)	(8,605,559)	-	(4,053)	-	(452,793)	-	(9,405,530)
Write-off	-	(19,228,896)	(633,513)	(763,432)	(8,418)	-	(572,949)	-	(21,207,208)
At end of the year	-	321,985,786	80,879,839	175,704,530	31,524,740	13,839,565	77,714,858	-	701,649,318
Net book amounts:									
At 31 December 2019	34,549,542	186,076,782	21,133,865	72,211,421	19,789,352	198,668,649	18,782,262	52,291,129	603,503,002

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15 PROPERTY AND EQUIPMENT (continued)

15.1 Capital work in progress represents costs incurred in respect of opening new pharmacies, which have not commenced operation yet. The related capital commitments are reported in note 31.1.

15.2 In 2020, the Company sold property and equipment with a total net carrying amount of SR 0.1 million (2019: SR 0.2 million) for a cash consideration of SR 0.7 million (2019: SR 1.9 million). The net gains on these disposals amount of SR 0.6 million (2019: SR 1.7 million) were recognised as part of other income in the statement of profit or loss (note 12).

15.3 The depreciation charge has been allocated as follows:

	2020 SR	*2019 SR*
Selling and distribution expenses (note 9)	**137,335,528**	143,671,911
General and administration expenses (note 10)	**1,898,489**	3,026,919
	139,234,017	146,698,830

16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts for various items of property and land used in its operations.

Set out below are the charging amounts of right-of-use assets recognised and the movement during the year:

	Property SR	*Land SR*	*Total SR*
As at 1 January 2019	709,136,944	33,710,196	742,847,140
Additions	134,972,207	-	134,972,207
Modifications	52,089,560	-	52,089,560
Derecognised due to termination	(46,669,149)	-	(46,669,149)
Depreciation expense	(159,601,160)	(2,118,670)	(161,719,830)
At 31 December 2019	689,928,402	31,591,526	721,519,928
Additions	187,907,253	4,666,063	192,573,316
Modifications	62,213,531	-	62,213,531
Derecognised due to termination	(31,843,717)	(22,126,617)	(53,970,334)
Depreciation expense	(165,143,647)	(861,939)	(166,005,586)
At 31 December 2020	**743,061,822**	**13,269,033**	**756,330,855**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020 SR	*2019 SR*
As at 1 January	**733,188,877**	726,883,381
Additions	**192,573,316**	134,972,207
Modifications	**62,213,531**	52,089,560
Derecognised due to termination	**(60,747,973)**	(49,355,692)
Accretion of interest	**28,347,445**	30,441,743
Payments	**(191,000,136)**	(161,842,322)
At 31 December	**764,575,060**	733,188,877
Current	**188,620,656**	172,662,169
Non-current	**575,954,404**	560,526,708

The maturity analysis of lease liabilities are disclosed in note 19.2.3.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2020

16 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The following are the amounts recognised in statement of profit or loss:

	2020	*2019*
	SR	*SR*
Depreciation expense of right-of-use assets (note 9)	**166,005,586**	161,719,830
Interest expense on lease liabilities (note 11)	**28,347,445**	30,441,743
Expense relating to short-term leases included in selling and distribution expenses (note 9)	**864,487**	1,030,575
Expense relating to short-term leases included in general and administration expenses (note 10)	**4,220,730**	5,031,631
Gain/(loss) on derecognition due to termination of leases (note 12)	**2,447,980**	(1,112,959)
Total amount recognised in statement of profit or loss	**201,886,228**	197,110,820

The Company had total cash outflows for leases of SR 200.3 million in 2020 (SR 171.7 million in 2019). The Company also had non-cash additions to right-of-use assets and lease liabilities of SR 192.6 million in 2020 (SR 134.9 million in 2019).

17 INTANGIBLE ASSETS

	2020	*2019*
	SR	*SR*
Cost:		
At the beginning of the year	**27,751,066**	24,747,571
Additions	**10,279,486**	3,003,495
At the end of the year	**38,030,552**	27,751,066
Accumulated amortisation:		
At the beginning of the year	**14,896,303**	10,478,443
Charge for the year	**3,888,403**	4,417,860
At the end of the year	**18,784,706**	14,896,303
Net book amount as at 31 December	**19,245,846**	12,854,763

17.1 The entire amortisation charged has been allocated to the general and administration expenses.

18 INVESTMENT IN UNCONSOLIDATED SUBSIDIARIES

Investment in unconsolidated subsidiaries represents the Company's 100% investment in Ronzac GmbH and Hollinz GmbH, both companies are registered in Germany. The subsidiaries are engaged in granting (marketing) licenses of pharmaceutical products, consumer goods and food products.

The Company also has 100% investment in Al Dawaa Medical Company Services FZ-LLC, a company registered in Dubai, United Arab Emirates as marketing office.

The investment in the subsidiaries are recorded at cost as the subsidiaries have not yet commenced any operations and the management believes that the assets, liabilities and operations of the subsidiaries as of 31 December 2020 and for the year then ended are not material to the Company's financial statements.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
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19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

19.1 Financial instruments

The financial instruments are categorised as follows:

	2020 ***SR***	*2019* *SR*
19.1.1 Financial assets at amortised cost:		
Accounts receivable	**245,599,589**	154,127,620
Other receivables	**28,728,655**	23,291,933
Amounts due from related parties	**110,400**	1,645,086
Bank balances	**32,557,717**	78,388,992
	306,996,361	257,453,631
19.1.2 Financial assets designated at fair value through OCI (equity instruments):		
Equity instruments designated at FVOCI	**217,215,001**	104,461,973
19.1.3 Financial liabilities at amortised cost:		
Accounts payable	**289,379,178**	435,628,817
Value-added tax payable, net	**34,473,504**	4,434,626
Retention payable	**9,759,011**	11,196,967
Other payables	**38,743,574**	34,266,294
Amounts due to related parties	**38,172,440**	7,763,221
Lease liabilities	**764,575,060**	733,188,877
Bank overdrafts and short-term loans	**891,040,409**	719,997,838
	2,066,143,176	1,946,476,640
19.1.4 Derivatives financial instruments		
Interest rate swaps	**114,906,887**	19,958,625

19.2 Financial instruments risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise accounts payable, value-added tax payable, retention payables, other payables, amounts due to related parties, lease liabilities, bank overdrafts and short-term loans. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include accounts receivable, other receivables, amounts due from related parties and bank balances that derive directly from its operations. The Company also holds investments in equity instruments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the partners that advises on financial risks and the appropriate financial risk governance framework for the Company. The board of directors provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

19.2 **Financial instruments risk management objectives and policies (continued)**

19.2.1 **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include short-term loans, accounts payable, equity investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2020 and 2019.

(i) **Interest rate risk**

Interest rate risk is the risk that the far value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowing which expose the Company to cash flow interest rate risk.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before zakat is affected through the impact on floating rate borrowings, as follows:

	2020	*2019*
	SR	*SR*
Interest rate – increase by 100 basis points	**8,500,000**	7,199,978
Interest rate – decrease by 100 basis points	**(8,500,000)**	(7,199,978)

(ii) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company did not undertake significant transactions in currencies other than Saudi Riyals and US dollars. As the Saudi Riyal is pegged to the US Dollar, balance in US Dollars are not considered to represent significant currency risk. In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

(iii) **Equity price risk**

The Company's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to equity investments at fair value listed on the Saudi Exchange market (Tadawul) was SR 217 million. Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the market index, the Company has determined that an increase/(decrease) of 10% on the market index could have an impact of approximately SR 21.7 million increase/(decrease) on the other comprehensive income in statement of comprehensive income.

19.2.2 **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily accounts receivable).

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
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19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

19.2 **Financial instruments risk management objectives and policies (continued)**

19.2.2 **Credit risk (continued)**

(i) Accounts receivable

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. Sales to retail customers are required to be settled in cash or using credit cards, mitigating credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for Companyings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, accounts receivable are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 19.1.1. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to accounts receivable and as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Company's accounts receivable using a provision matrix:

31 December 2020	***Expected credit loss rate***	***Gross accounts receivable SR***	***Expected credit loss SR***
Current	**1%**	**232,628,337**	**2,326,283**
1 - 90 days	**20%**	**8,250,422**	**1,650,084**
91 - 150 days	**30%**	**3,539,201**	**1,061,759**
151 - 365 days	**40%**	**9,268,704**	**3,707,482**
366 - 730 days	**50%**	**1,317,066**	**658,533**
Over 730 days	**100%**	**18,878,292**	**18,878,292**
		273,882,022	**28,282,433**

31 December 2019	*Expected credit loss rate*	*Gross accounts receivable SR*	*Expected credit loss SR*
Current	2%	144,440,605	2,883,456
1 - 90 days	19.6%	5,585,049	1,094,670
91 - 150 days	29.6%	2,546,939	753,894
151 - 365 days	39.6%	7,239,283	2,866,756
366 - 730 days	49.6%	3,798,650	1,884,130
Over 730 days	100%	19,403,955	19,403,955
		183,014,481	28,886,861

(ii) Bank balances

Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. The Company seeks to manage its credit risk with respect to banks by only dealing with reputable banks. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2020 and 2019 is the carrying amounts as illustrated in note 19.1.1.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
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19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

19.2 **Financial instruments risk management objectives and policies (continued)**

19.2.3 **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realise financial assets quickly at an amount close to its fair value. The Company manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis and seeking partners' support, as and if required to ensure 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 Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains different lines of credit. The Company's terms of contracts require amounts to be paid within 30-90 days of the date of billings. Accounts payables are normally settled within 30-60 days of billing date or receipt of a correctly rendered invoice.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company’s performance to developments affecting a particular industry.

The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments; Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2020	***less than a year SR***	***1 to 5 years SR***	***> 5 years SR***	***Total SR***
Accounts payable	**289,379,178**	**-**	**-**	**289,379,178**
Value-added tax payable, net	**34,473,504**	**-**	**-**	**34,473,504**
Retention payable	**9,759,011**	**-**	**-**	**9,759,011**
Other payables	**38,743,574**	**-**	**-**	**38,743,574**
Amounts due to related parties	**38,172,440**	**-**	**-**	**38,172,440**
Bank overdrafts and short-term loans	**891,040,409**	**-**	**-**	**891,040,409**
Lease liabilities	**188,620,656**	**543,981,479**	**305,907,169**	**1,038,509,304**
	1,490,188,772	**543,981,479**	**305,907,169**	**2,340,077,420**

31 December 2019	*less than a year SR*	*1 to 5 years SR*	*> 5 years SR*	*Total SR*
Accounts payable	435,628,817	-	-	435,628,817
Value-added tax payable, net	4,434,626	-	-	4,434,626
Retention payable	11,196,967	-	-	11,196,967
Other payables	34,266,294	-	-	34,266,294
Amounts due to related parties	7,763,221	-	-	7,763,221
Bank overdrafts and short-term loans	719,997,838	-	-	719,997,838
Lease liabilities	172,662,169	449,002,820	208,899,911	830,564,900
	1,385,949,932	449,002,820	208,899,911	2,043,852,663

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19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

19.3 **Changes in liabilities arising from financing activities**

	1 January 2020 SR	***Cash outflow SR***	***Others SR***	***31 December 2020 SR***
Dividends payable	**-**	**(151,000,000)**	**151,000,000**	**-**
Lease Liabilities	**733,188,877**	**(191,000,136)**	**222,386,319**	**764,575,060**
Bank overdrafts and short-term loans	**719,997,838**	**(1,454,005,679)**	**1,625,048,250**	**891,040,409**
Total liabilities from financing activities	**1,453,186,715**	**(1,796,005,815)**	**1,998,434,569**	**1,655,615,469**

	1 January 2019 SR	*Cash outflow SR*	*Others SR*	*31 December 2019 SR*
Dividends payable	-	(139,000,000)	139,000,000	-
Lease Liabilities	726,883,381	(161,842,322)	168,147,818	733,188,877
Bank overdrafts and short-term loans	699,213,058	(1,669,213,058)	1,689,997,838	719,997,838
Total liabilities from financing activities	1,426,096,439	(1,970,055,380)	1,997,145,656	1,453,186,715

The "others" column includes non-cash movements, classification of dividends payable once distribution of dividends is authorised by partners, acquisition of bank overdrafts and short-term loans and lease liabilities.

19.4 **Derivatives financial instruments**

The Company is exposed to certain risks relating to its ongoing business operations. The primary risk managed using derivative instruments are interest rate risk.

The Company's risk management strategy and how it is applied to manage risk are explained in note 19.2.

The Company uses interest rate swap agreements to manage its exposures to interest rate risk. The interest rate swap agreements are not designated as hedging instruments and are entered into for periods consistent with exposure of the underlying transactions.

The Company uses interest rate swap agreements to manage its exposure to interest rate risk. The statement of financial position included SR 114,906,887 (2019: SR 19,958,625) relates to swap derivatives. The LIBOR rate deteriorated during the year due to the outbreak of novel coronavirus COIVD-19 since early 2020. The movement of the fair value loss amounted to SR 94,948,262 (2019: SR 15,646,879) of these derivatives were recognised in the statement of profit or loss.

20 EQUITY INSTRUMENTS DESIGNATED AT FVOCI

Equity instruments designated at FVOCI include investments in equity shares of listed companies. These investments were irrevocably designated at fair value through OCI as the Company considers these investments to be strategic in nature. The fair value is based on quoted market price at reporting date on the official listing in Saudi Exchange market (Tadawul). Equity instruments designated at FVOCI represent investment in the following companies:

	2020 SR	*2019 SR*
Saudi Pharmaceutical Industries and Medical Appliances Corporation	**164,637,564**	56,140,761
Saudi Arabian Oil Company (Saudi Aramco)	**52,577,437**	48,321,212
	217,215,001	104,461,973

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20 EQUITY INSTRUMENTS DESIGNATED AT FVOCI (continued)

The movement of investments in equity instruments designated at FVOCI was as follows:

	2020	*2019*
	SR	*SR*
At 1 January	**104,461,973**	-
Purchase	**67,886,772**	97,019,337
Change in fair value	**44,866,256**	7,442,636
Balance at 31 December	**217,215,001**	104,461,973

The Company received dividends amount of SR 3.3 million (2019: Nil) were recognised as part of other income in the statement of profit or loss (note 12).

21 INVENTORIES

	2020	*2019*
	SR	*SR*
Inventories relating to pharmacies	**1,315,360,032**	1,286,830,009
Inventories relating to distribution	**24,039,264**	20,602,742
	1,339,399,296	1,307,432,751
Less: provision for slow moving inventory items (note 21.1)	**(15,621,270)**	(15,621,270)
	1,323,778,026	1,291,811,481

21.1 Movement in the provision for slow moving inventory items was follows:

	2020	*2019*
	SR	*SR*
At the beginning of the year	**15,621,270**	21,621,270
Rreversal during the year	**-**	(6,000,000)
At the end of the year	**15,621,270**	15,621,270

22 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2020	*2019*
	SR	*SR*
Accounts receivable	**273,882,022**	183,014,481
Less: provision for expected credit loss (note 22.3)	**(28,282,433)**	(28,886,861)
	245,599,589	154,127,620
Advances to suppliers	**242,046,984**	125,458,036
Prepaid expenses	**13,513,883**	14,294,982
Other receivables	**28,728,655**	23,291,933
	529,889,111	317,172,571

22.1 Accounts receivable are non-interest bearing and are generally on terms of 30 to 90 days.

22.2 The significant change in the balance of accounts receivable is disclosed in note 6 while the information about the credit exposures are disclosed in note 19.2.2.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
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22 ACCOUNTS RECEIVABLE AND PREPAYMENTS (continued)

22.3 Set out below is the movement in the provision for expected credit losses of trade receivables:

	2020	*2019*
	SR	*SR*
As at 1 January	**28,886,861**	29,254,247
Charge during the year (note 9)	**756,106**	3,816,462
Write-off	**(1,360,534)**	(4,183,848)
As at 31 December	**28,282,433**	28,886,861

23 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent partners, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The Company in the normal course of business carries out transactions with various related parties. Major transactions with related parties' occurred during the year were as follows:

Related parties	***Nature of transactions***	***Amount of transactions***	
		2020	*2019*
		SR	*SR*
Meshraf General Contracting Company (affiliate)	Value of construction of new pharmacies	**110,678,773**	(54,960,240)
Classic Travel & Tours Agency (affiliate)	Expenses recharged to the Company	**21,907,374**	(27,449,970)
Digital Business System Company (affiliate)	IT services provided to the Company	**(23,671,940)**	(15,186,106)
	Admin Services provided by the Company	**2,700,000**	2,726,806

Compensation of key management personnel of the Company were as follows:

	2020	*2019*
	SR	*SR*
Short-term employee benefits	**3,007,487**	2,992,487
End of services benefits	**130,000**	130,000
Total compensation	**3,137,487**	3,122,487

Terms and conditions of transactions with related parties:

The pricing policies and terms of payment of transactions with the related parties are approved by the Company's management. The outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. For the year ended 31 December 2020, the Company has not recorded any impairment of receivable relates to amounts owed by related parties (2019: same). This assessment is undertaken each financial year through examining the financial position of the related party and the length of time past due.

Amounts due from related parties and due to related parties are disclosed in the statement of financial position as follows:

23.1 ***Amounts due from related parties under current assets***

	2020	*2019*
	SR	*SR*
Smart Technologies Development Company	**107,267**	-
Digital Business System Company	**-**	1,638,078
Others	**3,133**	7,008
	110,400	1,645,086

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
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23 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

23.2 Amounts due to related parties under current liabilities

	2020 SR	*2019 SR*
Meshraf General Contracting Company	**24,538,147**	4,385,403
Digital Business System Company	**10,164,691**	-
Mr. Waleed Mohammed Al-Jaafary	**2,844,922**	1,384,457
Classic Travel & Tours Agency	**624,680**	1,608,419
Others	**-**	384,942
	38,172,440	7,763,221

24 BANK BALANCES AND CASH

	2020 SR	*2019 SR*
Bank balances	**32,557,717**	78,388,992
Cash on hand	**5,534,384**	6,657,683
	38,092,101	85,046,675

25 CAPITAL AND PROPOSED INCREASE IN CAPITAL

25.1 Capital

Capital is divided into 200,000 shares (2019: 200,000 shares) of SR 50 each distributed among the partners as follows:

	Percentage of ownership	***2020 SR***	*2019 SR*
HRH Prince Turki Bin Mohammed Bin Fahad	**24.000%**	**2,400,000**	2,400,000
Mr. Mohammed Saad Al-Farraj	**59.249%**	**5,924,900**	5,924,900
Mr. Abdullah Saad Al-Farraj	**9.250%**	**925,000**	925,000
Mr. Waleed Mohammed Al-Jaafary	**2.500%**	**250,000**	250,000
Ms. Hussa Saad Al-Farraj	**2.500%**	**250,000**	250,000
Ms. Nouf Saad Al-Farraj	**2.500%**	**250,000**	250,000
Mr. Sultan Mahdi Al-Anzi	**0.0005%**	**50**	50
Mr. Ali Salem Al-Qafil	**0.0005%**	**50**	50
		10,000,000	10,000,000

25.2 Proposed increase in capital

During 2008, the partners of the Company resolved to capitalise the partners' accounts amount of SR 51.5 million as proposed increase in capital. The legal formalities in respect of the proposed capital increase have not yet commenced.

26 DIVIDENDS

On 1 January 2020 (corresponding to 6 Jumada I 1441H), the board of directors approved the payment of final cash dividends of SR 755 per share (totalling to SR 151 million). Dividends have been fully paid during the year.

On 1 January 2019 (corresponding to 25 Rabi' II 1440H), the board of directors approved the payment of final cash dividends of SR 695 per share (totalling to SR 139 million). Dividends have been fully paid during the year.

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27 EMPLOYEES' TERMINAL BENEFITS

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its employees' terminal benefits in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The following table represent changes in present value of employees' terminal benefits:

	2020	*2019*
	SR	*SR*
As at 1 January	**89,596,283**	82,161,291
Current service cost	**20,193,455**	14,074,010
Interest cost (note 11)	**3,052,283**	3,148,048
Remeasurement gains	**(3,156,652)**	(4,506,066)
Payments during the year	**(5,557,082)**	(5,281,000)
As at 31 December	**104,128,287**	89,596,283

The principal assumptions used in determiningused employees' terminal benefits for the Company's plan are shown below:

	2020	*2019*
	(%)	*(%)*
Discount rate	**3.25%**	3.50%
Future salary increases rate	**3.00%**	3.00%

A quantitative sensitivity analysis for significant assumption on the employees' terminal benefits as at 31 December and the impact on the employees' terminal benefits is shown as below:

	2020	*2019*
	SR	*SR*
Discount rate:		
1% increase	**(2,237,619)**	(2,000,455)
1% decrease	**2,312,933**	2,013,213
Long-term future salary		
1% increase	**2,295,941**	2,003,181
1% decrease	**(2,264,576)**	(1,083,713)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the employees' terminal benefits as it is unlikely that changes in assumptions would occur in isolation of one another.

The following are the expected payments to the defined benefit plan in future years:

	2020	*2019*
	SR	*SR*
Within one year	**6,558,366**	7,338,108
After one year but not more than five years	**32,796,269**	36,903,380
More than five years	**79,363,274**	60,225,564
Total expected payments	**118,717,909**	104,467,052

The average duration of the defined benefit plan obligation at the end of the reporting period is 12.76 years (2019: 12.54 years).

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28 ACCOUNTS PAYABLE AND ACCRUALS

	2020	*2019*
	SR	*SR*
Accounts payable	**289,379,178**	435,628,817
Accrued expenses	**83,814,879**	71,830,343
Value-added tax payable, net	**34,473,504**	4,434,626
Retention payable	**9,759,011**	11,196,967
Other payables	**38,743,574**	34,266,294
	456,170,146	557,357,047

28.1 Accounts payable are non-interest bearing and are generally on terms of 30 to 60 days.

28.2 For explanations on the Company's liquidity risk management processes, refer to note 19.2.3.

29 CONTRACT LIABILITIES

	2020	*2019*
	SR	*SR*
Arbahi loyalty programme	**39,614,993**	28,162,329

29.1 Contract liabilities are recognised in respect of points awarded to customers. These points provide a benefit to customers that they would not receive without entering into a purchase contract and the promise to provide loyalty points to the customer therefore it is a separate performance obligation.

29.2 Set out below are the carrying amounts of contract liabilities and the movements during the year:

	2020	*2019*
	SR	*SR*
At 1 January	**28,162,329**	24,964,458
Deferred during the year	**62,589,769**	38,469,039
Recognised as revenue during the year	**(51,137,105)**	(35,271,168)
At 31 December	**39,614,993**	28,162,329

30 BANK OVERDRAFTS AND SHORT TERM LOANS

	2020	*2019*
	SR	*SR*
Short-term loans	**850,000,000**	719,997,838
Bank overdrafts	**41,040,409**	-
	891,040,409	719,997,838

The bank overdrafts, Tawarooq, Murabaha and Tayseer short-term loans were obtained from various local commercial banks to meet the working capital requirements and are secured by joint and several personal guarantees of the partners, promissory notes and assignments of rights arising from insurance policies. These facilities carry borrowing cost at average rate of SAIBOR + 1.36%. Bank overdrafts carry borrowing costs at average rate of 5%.

Al Dawaa Medical Services Company Limited (A Limited Liability Company)
NOTES TO THE FINANCIAL STATEMENTS (continued)
At 31 December 2020

31 CONTINGENCIES AND COMMITMENTS

31.1 Capital commitments

The Company has authorised future capital expenditure amounting to SR 160 million (2019: SR 62 million) relating to completion of new pharmacies under construction.

31.2 Contingent liabilities

The Company's bankers have issued letter of guarantees to various third parties, on behalf of the Company, amounting to SR 8.4 million (2019: SR 4.6 million) for performance of certain contracts.

32 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

32.1 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

32.2 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

32.3 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

32 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

32.4 **IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

32.5 **Reference to the Conceptual Framework – Amendments to IFRS 3**

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

32.6 **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

32.7 **IAS 41 Agriculture – Taxation in fair value measurements**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

This standard is not applicable to the Company.

32 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

32.8 **IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

This standard is not applicable to the Company.

33 COVID-19 ASSESSMENT

A novel strain of coronavirus ("COVID-19") was first identified at the end of December 2019, subsequently in March 2020 was declared as a pandemic by the World Health Organization ("WHO"). COVID-19 continues to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities which resulted in a slowdown of economic activities and shutdowns of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Company's business, operations, and financial results, is uncertain and depends on many factors and future developments, that the Company may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, the impact to the businesses of the Company's customers and partners and other factors.

As far and as of the date of preparation of the financial statements for the year ended 31 December 2020, the Company's operations did not have a significant negative impact from the COVID-19 outbreak. The Company's management will continue to evaluate the nature and extent of the impact of COVID-19 on the Company's business and financial results.

34 SUBSEQUENT EVENTS

In the opinion of management, there have been no further significant subsequent events since the year ended 31 December 2020 but before date of authorisation of these financial statements as mentioned in note 1 that would have a material impact on the financial position of the Company as reflected in these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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35 BRANCHES

The Company operates through various branches and sales outlets located in the Kingdom of Saudi Arabia with the following commercial registration numbers:

Serial	Commercial Registration Number	Serial	Commercial Registration Number	Serial	Commercial Registration Number
1	2051025760	60	2050046257	119	2051064391
2	2060025761	61	2050043076	120	2050110917
3	2060025762	62	2051029849	121	2050110693
4	2051025763	63	2050043077	122	2050110918
5	2051025768	64	2050044348	123	2252031576
6	2051025769	65	2050046842	124	2051042253
7	2060025771	66	2050049609	125	2055007711
8	2051062960	67	2251033361	126	2050110915
9	2052000854	68	2050109798	127	2057008987
10	2060025798	69	2511005244	128	2065001399
11	2050039763	70	2511005359	129	2066002278
12	2051025805	71	2511005360	130	2055007710
13	2050039766	72	2511007202	131	2063606494
14	2251029471	73	2511005385	132	2055007058
15	2252031008	74	2511007198	133	2252033537
16	2055005082	75	2511006435	134	2252067365
17	2055005252	76	2511006434	135	2250033420
18	2050040582	77	2512005361	136	2050110916
19	2050040583	78	2050047614	137	2055025545
20	2252029039	79	2252031417	138	3350044539
21	2056001192	80	2251032468	139	3550038803
22	2056001401	81	2056001400	140	3550130654
23	2251029040	82	2050047615	141	3550038764
24	2251029041	83	2050049607	142	3550038762
25	2057002345	84	2062017164	143	3554001572
26	2057002346	85	2062017299	144	3550038802
27	2251029042	86	2055006224	145	3550038805
28	2252029043	87	2057002414	146	2053017160
29	2051026934	88	2057002870	147	2053016084
30	2051028619	89	2050053603	148	2063017157
31	2051028621	90	2511007201	149	2063016083
32	2052001238	91	2511007052	150	2053116693
33	2051028100	92	2051031178	151	2057473307
34	2251029047	93	2050049608	152	2062618302
35	2250029473	94	2050049606	153	2053117607
36	2250029470	95	2050048209	154	2066002171
37	2252029038	96	2050047786	155	2055007709
38	2050240589	97	2056001198	156	2059001506
39	2257031106	98	2050053602	157	2250033424
40	2050109794	99	2251033359	158	2051232106
41	2251052014	100	2050047296	159	3350151251
42	2251031414	101	2050053604	160	2051029287
43	2251029044	102	2051030698	161	2051039274
44	2050041890	103	2055025509	162	2051042674
45	2052002704	104	2252033536	163	2051064411
46	2051026587	105	2251033539	164	2051225976
47	2051026588	106	2251032469	165	2062617181
48	2251029046	107	2251033538	166	2053117608
49	2050044347	108	2251065063	167	2055126938
50	2051061436	109	2252065006	168	2055126352
51	2250029472	110	2251066149	169	2511115246
52	2052001086	111	2050044008	170	2052102469
53	2252031413	112	2052002936	171	2055127164
54	2251065985	113	2251033362	172	2051229410
55	2050043074	114	2250033542	173	2051231789
56	2055005631	115	2051062896	174	2051231292
57	2055005752	116	2252032467	175	2057004170
58	2050048204	117	2051063125	176	2059002214
59	2055007353	118	2051028684	177	2055013313

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35 BRANCHES (continued)

Serial	Commercial Registration Number	Serial	Commercial Registration Number	Serial	Commercial Registration Number
178	2250041854	240	3400013424	302	1126001818
179	2511022510	241	3452006380	303	1011020856
180	2055013791	242	3452006381	304	3451002614
181	2055014589	243	3550026594	305	3451003004
182	2062024480	244	3450011286	306	1122005148
183	2251043900	245	3453003037	307	3400018792
184	2251043898	246	3403016545	308	3400018878
185	2058000080	247	3450011285	309	3404018879
186	2056002631	248	3550027364	310	3407018877
187	2066003314	249	3451001915	311	3402019297
188	2057004744	250	3452007443	312	3400019351
189	2050082482	251	3452006870	313	3350043398
190	2050079718	252	3450011877	314	3453004634
191	2050087382	253	3450011878	315	3350044386
192	2251044318	254	3409014917	316	3555001772
193	2251031737	255	3400014918	317	3452010459
194	2055015389	256	3401015958	318	3452010776
195	2051048431	257	3550029160	319	3452010644
196	2252044742	258	3550028648	320	1011024217
197	2057004780	259	3550028651	321	1011024218
198	2057004975	260	3550028649	322	3350044414
199	2511015282	261	3550029159	323	3350044538
200	2512005922	262	3550029155	324	3350044797
201	2050082483	263	3550029157	325	3350044798
202	2511015283	264	1120001549	326	3350044540
203	3450008683	265	3452144999	327	3350044415
204	3450008684	266	3401016243	328	3350044389
205	3450008685	267	3400016189	329	3365000297
206	3450009246	268	3403016196	330	1131302439
207	3550022449	269	3402001324	331	1116623548
208	3550022442	270	2065001581	332	1128183132
209	3550022454	271	1134001423	333	1010331947
210	3550022441	272	1011015933	334	1010331953
211	3550022455	273	1111001742	335	1010331950
212	3550022448	274	1125000912	336	1010331944
213	3555000745	275	1117002410	337	1010332115
214	3552000716	276	1111001477	338	1010332112
215	3400010856	277	1010329314	339	1010337187
216	3401010857	278	1113002526	340	1010337186
217	3453002329	279	1019000822	341	1010350646
218	3400010858	280	3453004687	342	1010350315
219	3400010861	281	1011139175	343	1010350319
220	3550022612	282	3450014582	344	1010362580
221	3553000721	283	3350039958	345	1010385580
222	4701000505	284	3350039004	346	1010385578
223	3452004992	285	1120001637	347	2055015883
224	3402019604	286	1011019547	348	2050087385
225	3550024085	287	1018000455	349	2050087384
226	3550024384	288	1123003529	350	2051050906
227	1122003008	289	1011019546	351	2050086835
228	3350037950	290	3350039005	352	2055020629
229	1123002103	291	3350039006	353	2511017325
230	3453002855	292	3564000257	354	2252048111
231	3453002856	293	3550030612	355	2251048104
232	3550025957	294	3550030579	356	2251048106
233	3550025958	295	3550030580	357	2050140703
234	3400013419	296	3350041316	358	2050088135
235	3400013426	297	3350041292	359	2050088132
236	3400013418	298	1122004699	360	2050140282
237	3400013423	299	1126001819	361	2050088137
238	3401013420	300	1122004700	362	2056004038
239	3401013421	301	3450014580	363	2056003977

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35 BRANCHES (continued)

Serial	Commercial Registration Number	Serial	Commercial Registration Number	Serial	Commercial Registration Number
364	2056004468	427	4030284417	490	5857528407
365	2051052375	428	4650081086	491	5850129906
366	2251050884	429	4652001043	492	4034001832
367	2511108582	430	4030381509	493	4032050601
368	2511108583	431	5800018718	494	4032050710
369	2250062015	432	5851008690	495	4033001373
370	2511022836	433	5851008692	496	4036001833
371	2511022837	434	5851008691		
372	2511022834	435	5854001642		
373	2056005299	436	5850069828		
374	2055024132	437	5857069826		
375	2251029045	438	5855069827		
376	2511022853	439	5864069829		
377	2511022833	440	5900034945		
378	2050105563	441	5950032607		
379	2050111031	442	4603009024		
380	2050105504	443	5852007102		
381	2511024575	444	5852007087		
382	2050105530	445	5852007086		
383	2050105532	446	4700020118		
384	2511023563	447	4700020116		
385	2511023564	448	4700020115		
386	2050105529	449	4700020119		
387	2057007892	450	5900035485		
388	2051061748	451	5907035486		
389	1010432351	452	5855070181		
390	1010432084	453	5855070182		
391	1010432347	454	5855070250		
392	1010432348	455	5850070183		
393	1010434382	456	5950032734		
394	1010434383	457	5950032736		
395	1010463674	458	5900034944		
396	1010463057	459	5800021330		
397	1010463156	460	5950032735		
398	1115003951	461	5855070251		
399	1010464468	462	5852102350		
400	1128019698	463	5860070362		
401	1010466099	464	5864070247		
402	1010466114	465	5801021333		
403	1010466108	466	5906035837		
404	1010466109	467	5852007125		
405	1010608085	468	4700020114		
406	1116011565	469	4700020117		
407	1010466116	470	5850120199		
408	1010466106	471	5903502122		
409	1010466103	472	5911503122		
410	1010608076	473	5901716692		
411	1010611594	474	5850121762		
412	1010608091	475	5850121786		
413	1010608081	476	5850121784		
414	1134003933	477	5850121796		
415	1010608703	478	5855341407		
416	1132107166	479	5850121850		
417	1010612373	480	5850121852		
418	1010452834	481	5800104454		
419	1010452920	482	5806100998		
420	1010458645	483	5850123958		
421	1128181593	484	5860612788		
422	1010463056	485	4603150096		
423	1010581397	486	5863525355		
424	1128182647	487	5909628846		
425	1132109587	488	5855345646		
426	1011141100	489	5855345645		

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35 BRANCHES (continued)

In addition to the above branches, the following outlets which were inactive as of the date of the statement of financial positions.

Serial	Commercial Registration Number	Serial	Commercial Registration Number	Serial	Commercial Registration Number
497	2251033422	556	2251066960	615	2050079332
498	2251033540	557	2251067363	616	2050079315
499	4030241236	558	2251066357	617	2050082481
500	5860612615	559	2252032799	618	2052001892
501	3350043397	560	2059004069	619	2051048430
502	1128183376	561	3550038761	620	2050082484
503	1011141830	562	3350140069	621	3451001276
504	5855066247	563	1010599444	622	3554000741
505	2050097252	564	1010598179	623	3450009245
506	4030276960	565	1010601643	624	3550022445
507	1010428088	566	1010597108	625	1126001068
508	2050092381	567	1128183065	626	1120001264
509	2050099744	568	1010601297	627	3450010916
510	2050099771	569	1010617808	628	3450010915
511	2050104252	570	1010616347	629	3450010914
512	2050083032	571	2252032801	630	3400013422
513	2050083036	572	2053016148	631	3550026593
514	2050041565	573	2250068491	632	3550026622
515	1010425058	574	2252032796	633	3550026592
516	1010428089	575	2059004105	634	3452006324
517	2051025770	576	2511110215	635	3350027068
518	2050039723	577	2511110216	636	3550026625
519	2050039724	578	2251032792	637	3550026595
520	2050039761	579	2051042673	638	3350027069
521	2050039762	580	2050070195	639	3350027067
522	2051025806	581	2050070196	640	3550027912
523	2050040581	582	2050075220	641	3452009029
524	2250031094	583	2050090993	642	2511011432
525	2252032794	584	2055026334	643	3358012104
526	2055005455	585	2050240504	644	3453004630
527	2055005523	586	2515100046	645	3453004628
528	2051026299	587	2051227400	646	3450014484
529	2051061435	588	2050128588	647	3450014581
530	2250031567	589	2050130915	648	3450014483
531	2257032802	590	2051228678	649	3450014482
532	2511024851	591	2050072670	650	3563000058
533	2057007883	592	2050072667	651	3400019352
534	2051027886	593	2050072669	652	3556000459
535	2511024850	594	2052001723	653	1122005374
536	2511025135	595	2050073541	654	1124000572
537	2511024110	596	2050073540	655	3400019496
538	2059001354	597	2050075167	656	3403019493
539	2251032795	598	2050075237	657	3453004629
540	2053016706	599	2050075219	658	3350043907
541	2511025133	600	2050075232	659	3350043918
542	2051032340	601	2050093866	660	3450015136
543	2055025464	602	2050077089	661	3453005240
544	2251031582	603	2511012011	662	3450015381
545	2250065797	604	2511012012	663	3450015382
546	2251032800	605	2511014301	664	1010269166
547	2250065286	606	2050040585	665	1010269211
548	2251032791	607	2055013790	666	1010269221
549	2252066358	608	2051046438	667	1010269223
550	2514000397	609	2051046439	668	1010269226
551	2511025319	610	2050077086	669	1010269228
552	2050111032	611	2051047154	670	1010287285
553	2252032803	612	2050079413	671	1010269231
554	2252032793	613	2052001856	672	1010274185
555	2252069154	614	2050079436	673	1010287132

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35 BRANCHES (continued)

Serial	Commercial Registration Number	Serial	Commercial Registration Number	Serial	Commercial Registration Number
674	1010269234	737	1010416427	800	1010463171
675	1010269236	738	1010417153	801	1010463168
676	1010287135	739	2050082486	802	1010463167
677	1010287133	740	2250048378	803	1010463164
678	1010287284	741	2066003484	804	1010463752
679	1010287131	742	2050086837	805	1010466092
680	1011141503	743	2050100485	806	1010466090
681	1010596521	744	2511017248	807	1010466091
682	1010593725	745	2051051240	808	1010467586
683	1131303455	746	2057006047	809	1010467904
684	1010287217	747	2050088131	810	1010608092
685	1010287209	748	2050088127	811	1010466104
686	1010287213	749	2050088139	812	1010466093
687	1010289013	750	2251050128	813	1010610110
688	1010292849	751	2251050129	814	1010608077
689	1010268243	752	2051057635	815	1010612371
690	1010240407	753	2252032798	816	1010608087
691	1010275326	754	2050090366	817	1010612078
692	1010219685	755	2050090365	818	1010466117
693	1010275319	756	2055020769	819	1010610111
694	1010295841	757	2051053461	820	1010466107
695	1010295846	758	2062032624	821	1010466129
696	1010292846	759	2050100486	822	1010467572
697	1010295843	760	2050090367	823	1010608084
698	1010295839	761	2051057636	824	1010460516
699	1010295844	762	2511020985	825	1131295252
700	1010295842	763	2052002517	826	4030279550
701	1010295840	764	2251052660	827	4030280573
702	1010299837	765	2511022835	828	4030280579
703	1010306298	766	2511022838	829	4030280571
704	1010299840	767	2251061678	830	4030280572
705	1010301178	768	2056005300	831	4030280577
706	1010301147	769	2051057634	832	4030280574
707	1010174995	770	2051057088	833	4030280970
708	1010306377	771	2059003888	834	4030280576
709	1010312217	772	2050105562	835	4030280969
710	1010315346	773	2050105668	836	4030280973
711	1010312221	774	2511023571	837	4030280972
712	1010320408	775	2050105669	838	4030280971
713	1010320413	776	2051061742	839	4030281802
714	1010320418	777	2251062538	840	4030281801
715	1010320411	778	2051061773	841	4030282224
716	1010321417	779	1010417157	842	4030282375
717	1010331900	780	1010423869	843	4030282369
718	1010332117	781	1010432346	844	4030282378
719	1010362574	782	1010432350	845	4030282377
720	1010362565	783	1010432349	846	4030282745
721	1010362559	784	1010432292	847	4030282748
722	1010362562	785	1010434293	848	4030283636
723	1010362569	786	1010434294	849	4030283640
724	1010362568	787	1010434295	850	4030283638
725	1010362566	788	1010434365	851	4030283639
726	1010362573	789	1010434371	852	4030284421
727	1010362553	790	1010430654	853	4030284420
728	1010362582	791	1010434373	854	4030284416
729	1010362567	792	1010434381	855	4030286840
730	1010370399	793	1010436022	856	4030286836
731	1010370403	794	1010437310	857	4030286839
732	1010370406	795	1010437305	858	4030286838
733	1010385579	796	1010437311	859	4030286841
734	1010418221	797	1010463059	860	4030286837
735	1010418224	798	1010463166	861	4030290245
736	1010416428	799	1010463170	862	4650081067

35 BRANCHES (continued)

Serial	Commercial Registration Number	Serial	Commercial Registration Number	Serial	Commercial Registration Number
863	4650081068	875	4650082193	886	4031098739
864	4030290259	876	4650082192	887	4650082305
865	4030290261	877	4650082022	888	4030305378
866	4030290262	878	4031098733	889	4030305377
867	4030290258	879	4031098737	890	4030309900
868	4030290263	880	4031098734	891	4030310910
869	4030290265	881	4031098741	892	4030317463
870	4030290266	882	4031098735	893	4030284177
871	4030290267	883	4031098740	894	4031231357
872	4650082024	884	4031098736	895	4031228588
873	4650082021	885	4650082023	896	4032049033
874	4030291539				

Al Dawaa Medical Services Company
(A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021
AND INDEPENDENT AUDITOR'S REVIEW REPORT

Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company)

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT

For the six-month period ended 30 June 2021

EY
Building a better working world

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF AL DAWAA MEDICAL SERVICES COMPANY (A SAUDI CLOSED JOINT STOCK COMPANY)

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company) as at 30 June 2021, and the related interim condensed statements of profit or loss, comprehensive income for three-month and six-month periods then ended and the related interim condensed statements of changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Marwan Saleh Al-Afaliq
Certified Public Accountant
Registration No. 422

19 Thul-Hijjah 1442H
29 July 2021

Al Khobar

Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six-month period ended 30 June 2021

	Notes	*For the three-month period ended 30 June* 2021 SR (Unaudited)	2020 SR (Unaudited)	*For the six-month period ended 30 June* 2021 SR (Unaudited)	2020 SR (Unaudited)
Revenue		**1,266,767,687**	1,303,837,275	**2,476,482,568**	2,480,218,630
Cost of sales		**(808,790,477)**	(773,075,562)	**(1,566,548,930)**	(1,503,123,977)
GROSS PROFIT		**457,977,210**	530,761,713	**909,933,638**	977,094,653
EXPENSES					
Selling and distribution		**(354,379,481)**	(370,818,524)	**(705,912,996)**	(698,488,159)
General and administration		**(36,686,364)**	(28,282,973)	**(62,758,571)**	(55,469,971)
OPERATING PROFIT		**66,911,365**	131,660,216	**141,262,071**	223,136,523
Fair value gain (loss) on swap derivatives liabilities		**5,840,729**	(61,910,017)	**27,330,698**	(114,838,017)
Finance costs		**(18,873,091)**	(14,630,559)	**(34,852,669)**	(28,727,172)
Other income, net		**2,559,877**	4,231,041	**4,536,155**	5,887,959
PROFIT BEFORE ZAKAT		**56,438,880**	59,350,681	**138,276,255**	85,459,293
Zakat	4	**(3,500,000)**	(4,000,000)	**(6,500,000)**	(7,000,000)
PROFIT FOR THE PERIOD		**52,938,880**	55,350,681	**131,776,255**	78,459,293
EARNINGS PER SHARE					
Basic and diluted earnings per share from profit for the period	5	**3.17**	3.32	**7.90**	4.70

The attached notes 1 to 14 form part of these interim condensed financial statements.

Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six-month period ended 30 June 2021

	For the three-month period ended 30 June		*For the six-month period ended 30 June*	
	2021	*2020*	***2021***	*2020*
	SR	*SR*	***SR***	*SR*
	(Unaudited)	*(Unaudited)*	***(Unaudited)***	*(Unaudited)*
PROFIT FOR THE PERIOD	**52,938,880**	55,350,681	**131,776,255**	78,459,293
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Fair value gain on equity instruments designated at fair value through other comprehensive income "FVOCI"	**77,572,767**	10,061,662	**88,195,350**	3,498,341
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**77,572,767**	10,061,662	**88,195,350**	3,498,341
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**130,511,647**	65,412,343	**219,971,605**	81,957,634

The attached notes 1 to 14 form part of these interim condensed financial statements.

Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2021

	Notes	***30 June 2021 SR (Unaudited)***	*31 December 2020 SR (Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	**682,306,193**	658,021,169
Right-of-use assets	7	**902,731,197**	756,330,855
Intangible assets		**18,158,323**	19,245,846
Investment in unconsolidated subsidiaries		**204,739**	204,739
Equity instruments designated at FVOCI		**328,393,680**	217,215,001
TOTAL NON-CURRENT ASSETS		**1,931,794,132**	1,651,017,610
CURRENT ASSETS			
Inventories		**1,357,541,065**	1,323,778,026
Accounts receivable and prepayments		**339,127,984**	529,889,111
Amounts due from related parties	8	**2,753**	110,400
Right of return assets		**526,195**	1,628,649
Bank balances and cash		**97,999,331**	38,092,101
TOTAL CURRENT ASSETS		**1,795,197,328**	1,893,498,287
TOTAL ASSETS		**3,726,991,460**	3,544,515,897
EQUITY AND LIABILITIES			
EQUITY			
Share capital	9	**850,000,000**	10,000,000
Proposed increase in capital	9	**-**	51,500,000
Statutory reserve		**5,000,000**	5,000,000
Retained earnings		**257,797,395**	994,021,140
Fair value reserve of equity instruments designated at FVOCI		**140,504,242**	52,308,892
TOTAL EQUITY		**1,253,301,637**	1,112,830,032
NON-CURRENT LIABILITIES			
Lease liabilities	7	**689,749,872**	575,954,404
Employees' terminal benefits		**115,847,716**	104,128,287
TOTAL NON-CURRENT LIABILITIES		**805,597,588**	680,082,691
CURRENT LIABILITIES			
Refund liabilities		**1,170,552**	2,821,040
Accounts payable and accruals		**447,405,977**	456,170,146
Amounts due to related parties	8	**22,426,681**	38,172,440
Current portion of lease liabilities	7	**217,378,424**	188,620,656
Contract liabilities		**39,516,182**	39,614,993
Bank overdrafts and short-term loans		**839,000,000**	891,040,409
Swap derivatives liabilities		**87,576,189**	114,906,887
Zakat provision	4	**13,618,230**	20,256,603
TOTAL CURRENT LIABILITIES		**1,668,092,235**	1,751,603,174
TOTAL LIABILITIES		**2,473,689,823**	2,431,685,865
TOTAL EQUITY AND LIABILITIES		**3,726,991,460**	3,544,515,897

The attached notes 1 to 14 form part of these interim condensed financial statements.

Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2021

	Share capital SR	*Proposed increase in capital SR*	*Statutory reserve SR*	*Retained earnings SR*	*Fair value reserve of equity instruments designated at FVOCI SR*	*Total SR*
As at 1 January 2020 (audited)	10,000,000	51,500,000	5,000,000	895,429,227	7,442,636	969,371,863
Profit for the period	-	-	-	78,459,293	-	78,459,293
Other comprehensive income for the period	-	-	-	-	3,498,341	3,498,341
Total comprehensive income for the period	-	-	-	78,459,293	3,498,341	81,957,634
Dividends	-	-	-	(80,338,758)	-	(80,338,758)
As at 30 June 2020 (unaudited)	10,000,000	51,500,000	5,000,000	893,549,762	10,940,977	970,990,739
As at 1 January 2021 (audited)	10,000,000	51,500,000	5,000,000	994,021,140	52,308,892	1,112,830,032
Profit for the period	-	-	-	131,776,255	-	131,776,255
Other comprehensive income for the period	-	-	-	-	88,195,350	88,195,350
Total comprehensive income for the period	-	-	-	131,776,255	88,195,350	219,971,605
Dividends (note 10)	-	-	-	(79,500,000)	-	(79,500,000)
Transfer to share capital (note 9)	840,000,000	(51,500,000)	-	(788,500,000)	-	-
As at 30 June 2021 (unaudited)	**850,000,000**	**-**	**5,000,000**	**257,797,395**	**140,504,242**	**1,253,301,637**

The attached notes 1 to 14 form part of these interim condensed financial statements.

Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six-month period ended 30 June 2021

	Notes	*For the six-month period ended 30 June* **2021 SR (Unaudited)**	*2020 SR (Unaudited)*
OPERATING ACTIVITIES			
Profit before zakat		**138,276,255**	85,459,293
Adjustments to reconcile profit before zakat to net cash flows:			
Depreciation for property and equipment	6	**72,799,580**	71,101,225
Depreciation for right-of-use assets	7	**86,840,070**	80,902,534
Gain on disposal of property and equipment		**-**	(638,751)
(Gain)/loss on derecognition due to termination of leases		**(959,081)**	480,367
Write off of property and equipment		**1,186,119**	2,895,741
Amortisation of intangible assets		**3,712,071**	2,208,930
Provision for employees' terminal benefits		**12,021,985**	10,096,728
Finance costs		**34,852,669**	28,727,172
Fair value (gain) loss on swap derivatives liabilities		**(27,330,698)**	114,838,017
		321,398,970	396,071,256
Working capital adjustments			
Inventories		**(33,763,039)**	(631,025,576)
Accounts receivable and prepayments		**190,761,127**	27,613,553
Amounts due from related parties		**107,647**	613,392
Right of return assets		**1,102,454**	-
Accounts payable and accruals		**(8,764,169)**	361,451,060
Amounts due to related parties		**(15,745,759)**	5,176,016
Contract liabilities		**(98,811)**	9,936,315
Refund liabilities		**(1,650,488)**	-
Cash flows from operations		**453,347,932**	169,836,016
Finance costs paid		**(18,611,061)**	(13,566,369)
Employees' terminal benefits paid		**(2,104,808)**	(2,394,292)
Zakat paid	4	**(13,138,373)**	-
Net cash from operating activities		**419,493,690**	153,875,355
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(98,270,723)**	(66,741,140)
Proceeds from disposal of property and equipment		**-**	760,400
Additions to intangible assets		**(2,624,548)**	(2,680,988)
Purchase of equity instruments designated at FVOCI		**(22,983,329)**	(36,065,191)
Net cash used in investing activities		**(123,878,600)**	(104,726,919)
FINANCING ACTIVITIES			
Net movement in bank overdrafts and short-term loans		**(52,040,409)**	269,202,124
Repayments of lease liabilities	7	**(103,464,962)**	(98,398,030)
Settlement for closure of certain lease contracts of branches		**(702,489)**	(1,166,944)
Dividends paid	10	**(79,500,000)**	(80,338,758)
Net cash used in financing activities		**(235,707,860)**	89,298,392
NET INCREASE IN BANK BALANCES AND CASH		**59,907,230**	138,446,828
Bank balances and cash at 1 January		**38,092,101**	85,046,675
BANK BALANCES AND CASH AT 30 JUNE		**97,999,331**	223,493,503

The attached notes 1 to 14 form part of these interim condensed financial statements.

Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED) (continued)

For the six-month period ended 30 June 2021

	Notes	***For the six-month period ended 30 June*** 2021 SR (Unaudited)	2020 SR (Unaudited)
SIGNIFICANT NON-CASH TRANSACTIONS:			
Additions to right-of-use assets and lease liabilities	7	**227,797,558**	88,598,395
Modification to right-of-use assets and lease liabilities	7	**14,605,357**	31,594,336
Derecognised of right-of-use assets due to termination	7	**(9,162,503)**	(33,105,114)
Derecognised of lease liabilities due to termination	7	**(10,824,073)**	(33,791,691)
Interest cost on lease liabilities	7	**14,439,356**	13,634,661
Interest cost on employees' terminal benefits		**1,802,252**	1,526,142
Fair value gain (loss) on swap derivatives liabilities		**27,330,698**	(114,838,017)
Fair value gain on equity instruments designated at FVOCI		**88,195,350**	3,498,341
Transfer from retained earning to share capital	9	**788,500,000**	-
Transfer from proposed increase in capital to share capital	9	**51,500,000**	-

The attached notes 1 to 14 form part of these interim condensed financial statements.

Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
At 30 June 2021

1 CORPORATE INFORMATION

1.1 Al Dawaa Medical Services Company (the "Company") is a Saudi Closed Joint Stock Company. The Company was initially registered as a Limited Liability Company in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration number 2051025701 dated 23 Ramadan 1422H (corresponding to 8 December 2001) with branches in Khobar, Riyadh, Jeddah, and other cities across the Kingdom. On 17 Ramadan 1442H (corresponding to 29 April 2021), the shareholders of the Company resolved to change the legal status of the Company from "Limited Liability Company" to "Saudi Closed Joint Stock Company" using the same commerical registration number. The Ministry of Commerce and Investment announced the formation of Closed Joint Stock company on 27 Shawwal 1442 H (corresponding to 8 June 2021).

1.2 The Company is engaged in online wholesale, pharmaceutical agents, wholesale pharmaceutical goods, pharmacy activities, pharmaceutical warehouse activities, retailing of medical equipment and equipment, online retailing, land transport of goods, providing delivery services via electronic platforms, managing and renting self-storage stores, providing marketing services on behalf of third parties.

1.3 The Company is wholly owned by Saudi shareholders. The Company's registered office is located at P.O. box 4326, Al Khobar 31952, Kingdom of Saudi Arabia.

1.4 The interim condensed financial statements of the Company as of 30 June 2021 were authorised for issuance by the Board of Directors on 19 Thul-Hijjah 1442H (corresponding to 29 July 2021).

2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

2.1 Basis of preparation

These interim condensed financial statements for the six months period ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") as endorsed in the KSA and other standards and pronouncements that are endorsed by the Saudi Organisation for Chartered and Professional Accountants ("SOCPA").

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 31 December 2020. In addition, results for the interim period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021 (refer to note 3 below).

The Company has accounted for its investment in subsidiaries at cost and no consolidated financial statements have been prepared as the subsidiaries have not yet commenced any operations. The assets, liabilities and operations of the subsidiaries as of 30 June 2021 and for the period then ended are not material to the Company's interim condensed financial statements.

2.2 Basis of measurement

These interim condensed financial statements have been prepared on a historical cost basis except for equity instruments designated at FVOCI and swap derivatives that have been measured at fair value, using the accrual basis of accounting. For employees' terminal benefits, actuarial present value calculation is used.

2.3 Functional and presentation currency

These interim condensed financial statements are presented in Saudi Riyals ("SR") which is also the functional currency of the Company and rounded to the nearest Saudi Riyals (except when otherwise indicated).

2.4 Summary of significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in preparing the Company's annual financial statements for the year ended 31 December 2020.

2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES (continued)

2.5 **New standards, interpretations and amendments adopted by the Company**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed financial statements of the Company.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. The accounting estimates and assumptions used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements of the Company for the year ended 31 December 2020.

Progressive rebate incentives

The Company receives incentives from its suppliers based on the volume of the business during the year, that are subject to negotiations. The underlying contracts with the suppliers are negotiated throughout the year and not necessarily to be available at the time of interim financial reporting. The management exercises professional judgement to assess and estimate the amount of incentives. Such assessment and judgment involves consideration of factors, including prevailing industry practices, continuing suppliers' relationships, business performance during the year, historical trends and auto renewal nature of agreements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

4 ZAKAT

4.1 **Charge for the period**

The charge for the interim period is calculated based on estimated zakat charge for the whole year.

4.2 **Movements in provision during the period**

The movement in the zakat provision was as follows:

	For the six-month period ended 30 June	
	2021	*2020*
	SR	*SR*
	(Unaudited)	*(Unaudited)*
At the beginning of the period	**20,256,603**	12,157,442
Provided during the period	**6,500,000**	7,000,000
Payments during the period	**(13,138,373)**	-
At the end of the year	**13,618,230**	19,157,442

4.3 **Status of assessments**

Zakat assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") up to 2016. The Company's zakat return for the years 2017 to 2020 has been filed with the ZATCA. However, the assessments have not yet been raised by the ZATCA.

Zakat base has been computed based on the Company's understanding of the zakat regulations enforced in the Kingdom of Saudi Arabia. The zakat regulations in Kingdom of Saudi Arabia are subject to different interpretations. The assessments to be raised by the ZATCA could be different from the declarations filed by the Company.

5 EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) is calculated by dividing the profit for the period attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

The EPS calculation is given below:

	For the three-month period ended 30 June		***For the six-month period ended 30 June***	
	2021 SR (Unaudited)	*2020 SR (Unaudited)*	***2021 SR (Unaudited)***	*2020 SR (Unaudited)*
Profit for the period	**52,938,880**	55,350,681	**131,776,255**	78,459,293
Weighted average number of ordinary shares outstanding	**16,687,778**	16,687,778	**16,687,778**	16,687,778
Basic and diluted earnings per share from profit for the period	**3.17**	3.32	**7.90**	4.70

The earnings per share for the prior periods have been calculated based on the weighted average number of shares in issue after the capital increase to 85 million shares during the period. The prior periods earnings per share has been adjusted to give a retrospective effect of change in the number of shares increased.

6 PROPERTY AND EQUIPMENT

	For the six-month period ended 30 June	
	2021 SR (Unaudited)	*2020 SR (Unaudited)*
Cost:		
At beginning of the period	**1,433,374,028**	1,305,152,320
Additions	**98,270,723**	66,741,140
Disposals	**-**	(216,375)
Write-off	**(8,494,401)**	(11,187,197)
At end of the period	**1,523,150,350**	1,360,489,888
Accumulated depreciation:		
At beginning of the period	**775,352,859**	701,649,318
Charge for the period	**72,799,580**	71,101,225
Disposals	**-**	(94,726)
Write-off	**(7,308,282)**	(8,291,456)
At end of the period	**840,844,157**	764,364,361
Net book amount as at 30 June	**682,306,193**	596,125,527

Al Dawaa Medical Services Company (A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED) (continued)
At 30 June 2021

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of right-of-use assets recognised and the movement during the period:

	For the six-month period ended 30 June	
	2021	*2020*
	SR	*SR*
	(Unaudited)	*(Unaudited)*
At beginning of the period	**756,330,855**	721,519,928
Additions	**227,797,558**	88,598,395
Modifications	**14,605,357**	31,594,336
Derecognised due to termination	**(9,162,503)**	(33,105,114)
Depreciation expense	**(86,840,070)**	(80,902,534)
At end of the period	**902,731,197**	727,705,011

Set out below are the carrying amounts of the Company's lease liabilities and the movements during the period:

	For the six-month period ended 30 June	
	2021	*2020*
	SR	*SR*
	(Unaudited)	*(Unaudited)*
At beginning of the period	**764,575,060**	733,188,877
Additions	**227,797,558**	88,598,395
Modifications	**14,605,357**	31,594,336
Derecognised due to termination	**(10,824,073)**	(33,791,691)
Accretion of interest	**14,439,356**	13,634,661
Payments	**(103,464,962)**	(98,398,030)
At end of the period	**907,128,296**	734,826,548

8 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent shareholders, directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The Company in the normal course of business carries out transactions with various related parties. Major transactions with related parties' occurred during the period were as follows:

Related parties	***Nature of transactions***	***Amount of transactions for six-month period ended 30 June***	
		2021	*2020*
		SR	*SR*
		(Unaudited)	*(Unaudited)*
Meshraf General Contracting Company (affiliate)	Value of construction of new pharmacies	**(70,050,184)**	(28,141,363)
Classic Travel & Tours Agency (affiliate)	Tickets and other travel expenses	**(13,287,673)**	(12,566,635)
Digital Business System Company (affiliate)	IT services provided to the Company	**(11,618,063)**	(12,430,179)
	Admin Services provided by the Company	**1,350,000**	1,350,000
Mawarid Trading Limited (affiliate)	Purchases	**(1,549,099)**	-
Ms. Nouf Saad Al-Farraj (shareholder)	Rental	**(200,000)**	(200,000)

8 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related parties	***Nature of transactions***	***Amount of transactions for six-month period ended 30 June***	
		2021	*2020*
		SR	*SR*
		(Unaudited)	*(Unaudited)*
966 Motors Establishment (affiliate)	Services provided	**(1,968,581)**	(4,379,721)

Compensation of key management personnel of the Company were as follows:

	Amount of transactions for six-month period ended 30 June	
	2021	*2020*
	SR	*SR*
	(Unaudited)	*(Unaudited)*
Short-term employee benefits	**1,511,500**	1,503,744
End of services benefits	**65,000**	65,000
Total compensation	**1,576,500**	1,568,744

Terms and conditions of transactions with related parties:

The pricing policies and terms of payment of transactions with the related parties are approved by the Company's management. The outstanding balances at the period ended 30 June 2021 and the year end 31 December 2020 are unsecured, interest free and settlement occurs in cash. For the period ended 30 June 2021 and the year ended 31 December 2020, the Company has not recorded any impairment of receivable relates to amounts owed by related parties.

Amounts due from related parties and due to related parties are disclosed in the interim condensed statement of financial position as follows:

8.1 ***Amounts due from related parties under current assets***

	30 June 2021	*31 December 2020*
	SR	*SR*
	(Unaudited)	*(Audited)*
Specialized Technologies for Industrial Supplies Company	**2,753**	-
Smart Technologies Development Company	**-**	107,267
Other	**-**	3,133
	2,753	110,400

8.2 ***Amounts due to related parties under current liabilities***

	30 June 2021	*31 December 2020*
	SR	*SR*
	(Unaudited)	*(Audited)*
	SR	*SR*
Meshraf General Contracting Company	**15,869,485**	24,538,147
Classic Travel & Tours Agency	**3,673,855**	624,680
Digital Business System Company	**1,581,750**	10,164,691
Mawarid Trading Limited	**1,301,591**	-
Mr. Waleed Mohammed Al-Jaafary	**-**	2,844,922
	22,426,681	38,172,440

9 SHARE CAPITAL AND PROPOSED INCREASE IN CAPITAL

Share capital is divided into 85 million shares (31 December 2020: 200,000 shares) of SR 10 (31 December 2020: SR 50) each distributed among the shareholders as follows:

	Percentage of ownership			
	30 June 2021 (%)	*31 December 2020 (%)*	***30 June 2021 SR (Unaudited)***	*31 December 2020 SR (Audited)*
HRH Prince Turki Bin Mohammed Bin Fahad	**24.0000%**	24.0000%	**204,000,000**	2,400,000
Mawared Holding Company	**49.9995%**	-	**424,995,750**	-
Mr. Mohammed Saad Al-Farraj	**9.2495%**	59.2490%	**78,620,750**	5,924,900
Mr. Abdullah Saad Al-Farraj	**9.2500%**	9.2500%	**78,625,000**	925,000
Mr. Waleed Mohammed Al-Jaafary	**2.5000%**	2.5000%	**21,250,000**	250,000
Ms. Hussa Saad Al-Farraj	**2.5000%**	2.5000%	**21,250,000**	250,000
Ms. Nouf Saad Al-Farraj	**2.5000%**	2.5000%	**21,250,000**	250,000
Mr. Sultan Mahdi Al-Anzi	**0.0005%**	0.0005%	**4,250**	50
Mr. Ali Salem Al-Qafil	**0.0005%**	0.0005%	**4,250**	50
			850,000,000	10,000,000

9.1 On 15 Sha'ban 1442H (corresponding to 28 March 2021), the Company's shareholders resolved to increase the Company's capital from SR 10 million to SR 850 million through the transfer of additional SR 788.5 million from retained earnings and SR 51.5 million from proposed increase in capital account to share cpaital. The legal formalities in respect of the Company's capital increase has been completed during the period.

9.2 Further, Mr. Mohammed Saad Al-Farraj has transferred 99,999 share of his shares to Mawared Holding Company. The legal formalities related to the change in the shareholders ownership were completed during the period.

10 DIVIDENDS

On 20 Dhual-Qa'dah 1442H (corresponding to 30 June 2021), the shareholders approved an interim dividends amounting to SR 79.5 million for the six-month period ended 30 June 2021. Dividends have been fully paid during the period.

11 FAIR VALUES OF FINANCIAL INSTRUMENTS

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 Company measures financial assets at fair value thorough other comprehensive income at each statement of financial position 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.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Levels 1, 2 or 3 during the period ended 30 June 2021 and the year ended 31 December 2020.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

		Fair value measurement using		
30 June 2021 (unaudited)	***Carrying value SR***	***Level 1 SR***	***Level 2 SR***	***Level 3 SR***
Financial assets designated at fair value through OCI (equity instruments):				
Equity instruments designated at FVOCI	**328,393,680**	**328,393,680**	**-**	**-**
Derivatives financial instruments				
Swap derivatives liabilities	**87,576,189**	**-**	**87,576,189**	**-**

		Fair value measurement using		
31 December 2020 (Audited)	*Carrying value SR*	*Level 1 SR*	*Level 2 SR*	*Level 3 SR*
Financial assets designated at fair value through OCI (equity instruments):				
Equity instruments designated at FVOCI	217,215,001	217,215,001	-	-
Derivatives financial instruments				
Swap derivatives liabilities	114,906,887	-	114,906,887	-

12 COMMITMENTS

The Company has authorised future capital expenditure amounting to SR 128 million (31 December 2020: SR 160 million) relating to completion of new pharmacies under construction.

13 SIGNIFICANT MATTERS DURING THE PERIOD

A novel strain of coronavirus ("COVID-19") was first identified at the end of December 2019, subsequently in March 2020 was declared as a pandemic by the World Health Organization ("WHO"). COVID-19 continues to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia and resulted in travel restrictions and curfew in the cities which resulted in a slowdown of economic activities and shutdowns of many sectors at global and local levels.

The extent to which coronavirus pandemic impacts the Company's business, operations, and financial results, is uncertain and depends on many factors and future developments, that the Company may not be able to estimate reliably during the current period. These factors include the virus transmission rate, the duration of the outbreak, precautionary actions that may be taken by governmental authorities to reduce the spread of the epidemic and the impact of those actions on economic activity, the impact to the businesses of the Company's customers and partners and other factors.

As far and as of the date of preparation of the interim condensed financial statements for the period ended 30 June 2021, the Company's operations did not have a significant negative impact from the COVID-19 outbreak. The Company's management will continue to evaluate the nature and extent of the impact of COVID-19 on the Company's business and financial results.

14 SUBSEQUENT EVENTS

In the opinion of management, there have been no further significant subsequent events since the period ended 30 June 2021 but before date of authorisation of these interim condensed financial statements as mentioned in note 1 that would have a material impact on the interim condensed financial position of the Company as reflected in these interim condensed financial statements.

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