

**JAMJOOM PHARMACEUTICALS FACTORY COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2023

with

**INDEPENDENT AUDITOR'S REVIEW REPORT**



## KPMG Professional Services

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

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

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

# Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholders of the Jamjoom Pharmaceuticals Factory Company  
(A Saudi Joint Stock Company)

## Introduction

We have reviewed the accompanying 30 June 2023 condensed consolidated interim financial statements of Jamjoom Pharmaceuticals Factory Company ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2023,
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2023,
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2023,
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2023; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 condensed consolidated interim financial statements of Jamjoom Pharmaceuticals Factory Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

Nasser Ahmed Al Shutairy  
License No. 454

Jeddah, 10 August 2023

Corresponding to: 23 Muharram 1445H

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كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (40,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاء محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لكي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



**JAMJOOM PHARMACEUTICALS FACTORY COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Note</u>	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b><u>ASSETS</u></b>			
Property, plant and equipment	4	683,109,906	702,717,960
Right-of-use assets		2,203,512	2,331,686
Intangible assets		13,446,701	14,434,716
Equity-accounted investee		1,505,196	250,901
<b>Non-current assets</b>		<b>700,265,315</b>	<b>719,735,263</b>
Inventories	5	165,440,218	131,861,298
Trade receivables	6	523,616,268	352,361,492
Prepayments and other current assets		55,023,485	56,262,432
Investments	7	5,180,525	5,115,913
Cash and cash equivalents		170,269,726	141,181,833
Asset held for sale		1,298,894	1,298,894
<b>Current assets</b>		<b>920,829,116</b>	<b>688,081,862</b>
<b>Total assets</b>		<b>1,621,094,431</b>	<b>1,407,817,125</b>
<b><u>EQUITY</u></b>			
Share capital	8	700,000,000	700,000,000
Statutory reserve	9	67,131,416	67,131,416
Foreign currency translation reserve		(107,150,034)	(75,083,354)
Retained earnings		694,883,828	524,215,264
<b>Total equity</b>		<b>1,354,865,210</b>	<b>1,216,263,326</b>
<b><u>LIABILITIES</u></b>			
Lease liabilities		2,154,519	2,401,203
Employees' benefits		67,926,024	62,162,117
<b>Non-current liabilities</b>		<b>70,080,543</b>	<b>64,563,320</b>
Lease liabilities – current portion		220,425	235,167
Trade payables and other current liabilities		179,642,198	109,033,453
Zakat and income tax payable	10	16,286,055	17,721,859
<b>Current liabilities</b>		<b>196,148,678</b>	<b>126,990,479</b>
<b>Total liabilities</b>		<b>266,229,221</b>	<b>191,553,799</b>
<b>Total equity and liabilities</b>		<b>1,621,094,431</b>	<b>1,407,817,125</b>

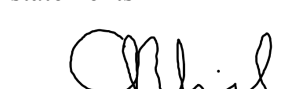
The accompanying notes 1 to 20 form an integral part  
of these condensed consolidated interim financial statements



**Chairman**



**Chief Executive Officer**



**Chief Financial Officer**

**JAMJOOM PHARMACEUTICALS FACTORY COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

For the three-month and six-month periods ended 30 June 2023  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

		<b>Three-month period ended 30 June</b>		<b>Six-month period ended 30 June</b>	
	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue	11	<b>298,397,386</b>	238,297,921	<b>600,349,234</b>	482,081,046
Costs of revenue		<b>(100,300,987)</b>	(85,234,609)	<b>(202,647,126)</b>	(164,696,600)
<b>Gross profit</b>		<b>198,096,399</b>	153,063,312	<b>397,702,108</b>	317,384,446
Selling and distribution expenses		<b>(74,596,090)</b>	(73,788,031)	<b>(154,888,414)</b>	(139,860,278)
General and administrative expenses		<b>(20,087,522)</b>	(13,408,973)	<b>(34,780,894)</b>	(25,416,963)
Research and development expenses		<b>(7,631,794)</b>	(8,164,776)	<b>(17,382,699)</b>	(16,581,455)
Impairment loss on financial asset		<b>(3,222,710)</b>	(88,971)	<b>(4,183,400)</b>	(492,817)
<b>Operating profit</b>		<b>92,558,283</b>	57,612,561	<b>186,466,701</b>	135,032,933
Finance costs	12	<b>(124,002)</b>	(4,501,709)	<b>(1,621,657)</b>	(33,464,486)
Finance income	12	<b>781,950</b>	62,657	<b>64,612</b>	132,542
Share of results in equity-accounted investee, net of tax		<b>(207,296)</b>	(100,773)	<b>(348,301)</b>	(128,286)
Other expense		<b>(640,304)</b>	(417,187)	<b>(1,015,304)</b>	(794,402)
Other income		<b>614,844</b>	1,385,983	<b>1,286,611</b>	1,669,047
<b>Profit before Zakat and income tax</b>		<b>92,983,475</b>	54,041,532	<b>184,832,662</b>	102,447,348
Zakat and income tax	10	<b>(6,714,850)</b>	(3,617,994)	<b>(14,164,098)</b>	(8,492,895)
<b>Net profit for the period</b>		<b>86,268,625</b>	50,423,538	<b>170,668,564</b>	93,954,453
<b><u>Other comprehensive loss item:</u></b>					
<i>Items that are or may be reclassified subsequently to profit or loss:</i>					
Foreign operations - foreign currency translation differences		<b>(788,834)</b>	(1,385,196)	<b>(32,066,680)</b>	(2,470,149)
<b>Other comprehensive loss for the period</b>		<b>(788,834)</b>	(1,385,196)	<b>(32,066,680)</b>	(2,470,149)
<b>Total comprehensive income for the period</b>		<b>85,479,791</b>	49,038,342	<b>138,601,884</b>	91,484,304
<b>Earnings per share:</b>					
Basic and diluted earnings per share (restated)	14	<b>1.23</b>	0.72	<b>2.44</b>	1.34

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements

**Chairman**

**Chief Executive Officer**

**Chief Financial Officer**

**JAMJOOM PHARMACEUTICALS FACTORY COMPANY**  
(A Saudi Joint Stock Company)


**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

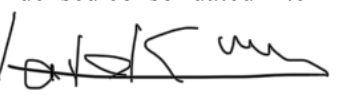
For the six-month period ended 30 June 2023

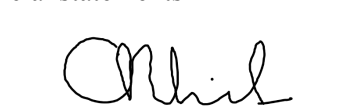
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	<u>Share capital</u>	<u>Proposed increase in share capital</u>	<u>Statutory reserve</u>	<u>Foreign currency translation reserve</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at 1 January 2022 (Audited)	100,000,000	--	50,000,000	(37,875,273)	1,119,510,376	1,231,635,103
<b><u>Total comprehensive income:</u></b>						
Net profit for the period	--	--	--	--	93,954,453	93,954,453
Other comprehensive loss	--	--	--	(2,470,149)	--	(2,470,149)
<b>Total comprehensive income for the period</b>	--	--	--	(2,470,149)	93,954,453	91,484,304
Proposed increase in share capital	--	600,000,000	--	--	(600,000,000)	--
<b><u>Transaction with owners of the Company:</u></b>						
Dividends	--	--	--	--	(61,166,666)	(61,166,666)
Balance at 30 June 2022 (Unaudited)	<u>100,000,000</u>	<u>600,000,000</u>	<u>50,000,000</u>	<u>(40,345,422)</u>	<u>552,298,163</u>	<u>1,261,952,741</u>
Balance at 1 January 2023 (Audited)	700,000,000	--	67,131,416	(75,083,354)	524,215,264	1,216,263,326
<b><u>Total comprehensive income:</u></b>						
Net profit for the period	--	--	--	--	170,668,564	170,668,564
Other comprehensive loss	--	--	--	(32,066,680)	--	(32,066,680)
<b>Total comprehensive income for the period</b>	--	--	--	(32,066,680)	170,668,564	138,601,884
<b>Balance at 30 June 2023 (Unaudited)</b>	<u><b>700,000,000</b></u>	<u><b>--</b></u>	<u><b>67,131,416</b></u>	<u><b>(107,150,034)</b></u>	<u><b>694,883,828</b></u>	<u><b>1,354,865,210</b></u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements

  
Chairman

  
Chief Executive Officer

  
Chief Financial Officer

**JAMJOOM PHARMACEUTICALS FACTORY COMPANY**  
(A Saudi Joint Stock Company)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

For the six-month period ended 30 June

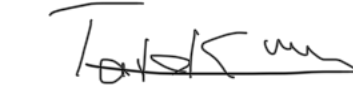
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	2023	2022
<b><u>Cash flows from operating activities:</u></b>			
Profit before Zakat and income tax		184,832,662	102,447,348
<i>Adjustments for:</i>			
Depreciation	4	11,587,709	11,208,105
Amortization		978,647	892,967
Depreciation on right to use assets		128,174	117,501
Finance costs	12	1,621,657	33,464,486
Finance income	12	(64,612)	(132,542)
Share of results from equity-accounted investees		348,301	128,286
Impairment loss on financial asset	6	4,183,400	492,817
Provision for product replacement		2,029,677	3,041,685
Provision for obsolescence / slow moving inventories	5	3,398,431	2,512,541
Provision for employees' benefits		9,574,197	8,651,262
Gain on disposal of property, plant and equipment		(9,698)	(26,513)
		<u>218,608,545</u>	<u>162,797,943</u>
<b><u>Changes in:</u></b>			
Inventories		(36,977,351)	(8,269,443)
Trade receivables		(175,435,897)	(80,773,435)
Prepayments and other current assets		1,238,947	(16,265,481)
Trade payables and other current liabilities		<u>68,121,239</u>	<u>47,498,398</u>
<b>Cash generated from operating activities</b>		<u>75,555,483</u>	<u>104,987,982</u>
Employees' benefits paid		(3,798,641)	(6,569,131)
Finance costs paid		(1,166,107)	(2,852,438)
Zakat and income tax paid	10	<u>(15,521,641)</u>	<u>(16,728,989)</u>
<b>Net cash generated from operating activities</b>		<u>55,069,094</u>	<u>78,837,424</u>
<b><u>Cash flows from investing activities:</u></b>			
Additions to property, plant and equipment	4	(19,082,320)	(59,460,639)
Additions to intangible assets		--	(138,470)
Proceeds from disposal of property, plant and equipment		12,591	56,524
Proceeds from investment		--	31,483,213
Acquisition of investment		<u>(1,625,329)</u>	<u>--</u>
<b>Net cash used in investing activities</b>		<u>(20,695,058)</u>	<u>(28,059,372)</u>
<b><u>Cash flows from financing activities:</u></b>			
Dividends paid		--	(61,166,666)
Payment of lease liabilities		<u>(261,426)</u>	<u>(236,387)</u>
<b>Net cash used in financing activities</b>		<u>(261,426)</u>	<u>(61,403,053)</u>
Net change in cash and cash equivalents		34,112,610	(10,625,001)
Net foreign exchange difference		(5,024,717)	(2,353,064)
Cash and cash equivalents at the beginning of the period		<u>141,181,833</u>	<u>112,629,736</u>
<b>Cash and cash equivalents at the end of the period</b>		<u><u>170,269,726</u></u>	<u><u>99,651,671</u></u>

The accompanying notes 1 to 20 form an integral part of these condensed consolidated interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

**JAMJOOM PHARMACEUTICALS FACTORY COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**1. REPORTING ENTITY**

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

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

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

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). The management is in process of assessing the impact of the New Companies Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their extraordinary General Assembly meeting for their ratification.

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

- The Company registered its branch in Riyadh on 23 Rabi Al Awal 1431H (corresponding to 9 March 2010), commercial registration number 1010283686.
- The Company registered its branch in Jeddah on 25 Rabi Al Thani 1440H (corresponding to 3 November 2018), commercial registration number 4030318590.
- The Company registered a scientific support office in Egypt on 18 Ramadan 1430H (corresponding to 8 September 2010) based on a resolution number 481 issued by the Ministry of Health in Egypt.
- The Company registered a branch in Jeddah for the upcoming Sterile Manufacturing Facility on 13 Shawwal 1442H (corresponding to 25 May 2021), commercial registration number 4030416562.
- The Company registered a branch in U.A.E., Dubai on 1 Dhul Hijjah 1438H (corresponding to 23 August 2017), commercial license number 94284 issued by Dubai Development Authority in U.A.E.

**JAMJOOM PHARMACEUTICALS FACTORY COMPANY**  
(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**1. REPORTING ENTITY (continued)**

- The Company registered its branch in Qassim on 28 Safi 1444H (corresponding to 24 September 2022), commercial registration number 113132367.
- The Company registered its branch in Jizan on 13 Rabi Al Thani 1444H (corresponding to 7 November 2022), commercial registration number 5900137576.
- The Company registered its branch in Hafouf on 14 Rabi Al Thani 1444H (corresponding to 8 November 2022), commercial registration number 2251502524.

The Company has the following subsidiaries up to 30 June 2023:

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

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

The registered address of the Company is as follows:

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

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Group's last annual financial statements as at and for the year ended 31 December 2022 ("last annual Financial Statements").

These condensed consolidated interim financial statements do not include all of the information required for a complete set of IFRS financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since last annual financial statements. In addition, results for the interim six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

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**2. BASIS OF PREPARATION (continued)**

**b) Basis of measurement**

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

**c) Functional and presentation currency**

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

**d) Use of estimates and judgments**

In preparing these condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statement as at and for the year ended 31 December 2022. Except for the adoption of new standards disclosed in note 18 effective as of 1 January 2023, the Group has not adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**JAMJOOM PHARMACEUTICALS FACTORY COMPANY**

(A Saudi Joint Stock Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six-month period ended 30 June 2023

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

**4. PROPERTY, PLANT AND EQUIPMENT**

The movement in property, plant and equipment during the period ended 30 June 2023 is analyzed as under:

	<u>Land</u>	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Furniture and fixtures</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>Total</u>
<b><u>Cost:</u></b>									
Balance as at 1 January									
2023 (Audited)	60,458,339	177,981,703	479,403,809	20,335,314	3,781,949	9,646,750	2,238,225	329,941,192	1,083,787,281
Additions during the period	--	--	4,906,896	66,319	61,978	386,969	67,100	13,593,058	19,082,320
Transferred from capital									
work in progress	--	19,356,319	--	--	--	--	--	(19,356,319)	--
Disposals during the period	--	--	--	--	--	(4,450)	(224,600)	--	(229,050)
Foreign currency									
translation differences	(728,224)	(183,761)	(114,179)	(73,400)	(30,296)	(63,129)	(10,026)	(25,953,913)	(27,156,928)
<b>Balance as at 30 June</b>									
<b>2023 (Unaudited)</b>	<b>59,730,115</b>	<b>197,154,261</b>	<b>484,196,526</b>	<b>20,328,233</b>	<b>3,813,631</b>	<b>9,966,140</b>	<b>2,070,699</b>	<b>298,224,018</b>	<b>1,075,483,623</b>
<b><u>Accumulated depreciation:</u></b>									
Balance as at 1 January									
2023 (Audited)	--	47,892,833	308,715,729	13,357,623	2,886,993	6,495,636	1,720,507	--	381,069,321
Charge for the period	--	2,735,799	7,483,128	697,349	117,375	459,390	94,668	--	11,587,709
Disposals during the period	--	--	--	--	--	(1,560)	(224,597)	--	(226,157)
Foreign currency									
translation differences	--	(544)	(2,033)	(18,039)	(4,733)	(30,258)	(1,549)	--	(57,156)
<b>Balance as at 30 June</b>									
<b>2023 (Unaudited)</b>	<b>--</b>	<b>50,628,088</b>	<b>316,196,824</b>	<b>14,036,933</b>	<b>2,999,635</b>	<b>6,923,208</b>	<b>1,589,029</b>	<b>--</b>	<b>392,373,717</b>
<b><u>Carrying value:</u></b>									
<b>At 30 June 2023</b>									
<b>(Unaudited)</b>	<b>59,730,115</b>	<b>146,526,173</b>	<b>167,999,702</b>	<b>6,291,300</b>	<b>813,996</b>	<b>3,042,932</b>	<b>481,670</b>	<b>298,224,018</b>	<b>683,109,906</b>

# JAMJOOM PHARMACEUTICALS FACTORY COMPANY

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

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

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

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**5. INVENTORIES**

Inventories include the following:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Raw materials	66,789,511	55,819,068
Packing materials	39,250,829	34,284,786
Work in process	8,306,928	10,312,898
Finished goods	41,759,403	32,747,223
Goods in transit	12,009,716	2,820,530
Stores and spares	11,903,844	11,788,640
	<b>180,020,231</b>	147,773,145
Provision for inventories (note 5.1)	<b>(14,580,013)</b>	(15,911,847)
	<b>165,440,218</b>	131,861,298

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

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Opening balance	15,911,847	18,031,660
Provision during the period / year	3,398,431	10,820,079
Write off during the period / year	(4,715,829)	(12,918,374)
Foreign currency translation	(14,436)	(21,518)
Closing balance	<b>14,580,013</b>	15,911,847

**6. TRADE RECEIVABLES**

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Trade receivables, net (note 6.1)	<b>523,616,268</b>	352,361,492

6.1 Trade receivables include the following:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Trade receivables – others	223,666,078	166,469,672
Trade receivables – related parties (note 15)	313,171,325	194,929,555
	<b>536,837,403</b>	361,399,227
Less: Allowance for expected credit losses (note 6.2)	<b>(13,221,135)</b>	(9,037,735)
	<b>523,616,268</b>	352,361,492

As at 30 June 2023, related parties comprised approximately 58 percent of trade receivables (31 December 2022: approximately 53 percent).

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**6. TRADE RECEIVABLES (continued)**

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

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Opening balance	9,037,735	19,852,883
Provision during the period / year	4,183,400	2,348,195
Write off during the period / year	--	(13,163,343)
Closing balance	<u>13,221,135</u>	<u>9,037,735</u>

**7. INVESTMENTS**

Investment as at 30 June comprised of the following:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Investments at amortised cost (note 7.1)	4,411,521	4,411,521
Investments at fair value through profit or loss (note 7.2)	769,004	704,392
	<u>5,180,525</u>	<u>5,115,913</u>

7.1 This represents Murabaha investments made with an Investment Company at prevailing market rates.

7.2 Investments at fair value through profit or loss

<b><u>Country of incorporation</u></b>		<b><u>Number of shares</u></b>		<b><u>Amount (SR)</u></b>	
		<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Biothera (common units held)	United States of America	2,173,913	2,173,913	19,566	19,566
Nahdi	Kingdom of Saudi Arabia	499	499	84,830	83,433
Aramco	Kingdom of Saudi Arabia	20,608	18,735	664,608	601,393
				<u>769,004</u>	<u>704,392</u>

**8. SHARE CAPITAL**

As at 30 June 2023 and 31 December 2022, the share capital is divided into 70,000,000 shares of SR 10 each held and owned by:

<b><u>30 June 2023</u></b>	<b><u>Percentage of ownership</u></b>	<b><u>No. of shares</u></b>	<b><u>Amount</u></b>
Mr. Yousef Mohammad Salah Jamjoom	41.65%	29,155,000	291,550,000
Mr. Mahmood Yousef Mohammed Salah Jamjoom	5.60%	3,920,000	39,200,000
Mr. Walid Yousef Mohammed Salah Jamjoom	4.55%	3,185,000	31,850,000
Mr. Mohammed Yousef Mohammed Salah Jamjoom	4.55%	3,185,000	31,850,000
Mr. Ahmed Yousef Mohammed Salah Jamjoom	4.55%	3,185,000	31,850,000
Ms. Sana Yousef Mohammed Salah Jamjoom	4.55%	3,185,000	31,850,000
Ms. Ala'a Yousef Mohammed Salah Jamjoom	4.55%	3,185,000	31,850,000
Public (note 1)	30.00%	21,000,000	210,000,000
	<u>100%</u>	<u>70,000,000</u>	<u>700,000,000</u>

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**8. SHARE CAPITAL (continued)**

<u>31 December 2022</u>	<i>Percentage of</i> <u>ownership</u>	<u>No. of shares</u>	<u>Amount</u>
Mr. Yousef Mohammad Salah Jamjoom	59.5%	41,650,000	416,500,000
Mr. Mahmood Yousef Mohammed Salah Jamjoom	8.0%	5,600,000	56,000,000
Mr. Walid Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000
Mr. Mohammed Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000
Mr. Ahmed Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000
Ms. Sana Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000
Ms. Ala'a Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000
	<u>100%</u>	<u>70,000,000</u>	<u>700,000,000</u>

**9. STATUTORY RESERVE**

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia, the Company's By-Laws may provide for setting aside a certain percentage of the net profit to create a reserve allocated for purposes specified in the By-Laws. The Competent Authority may set rules for creating such reserves.

**10. ZAKAT AND INCOME TAX PAYABLE**

During the six-month period ended 30 June 2023, the Group has recorded Zakat and income tax charge of SR 14.2 million (30 June 2022: SR 8.5 million), the movement of Zakat and income tax payable are as follows:

	<b>30 June 2023</b>		
	<u>Zakat</u>	<u>Income tax</u>	<u>Total</u>
Balance at 1 January	17,457,052	264,807	17,721,859
Charge for the period	14,021,287	142,811	14,164,098
Paid during the period	(15,521,641)	--	(15,521,641)
Foreign currency translation	--	(78,261)	(78,261)
Balance at 30 June	<u>15,956,698</u>	<u>329,357</u>	<u>16,286,055</u>

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

**a) Status of assessments**

The Zakat assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 31 December 2018 and the Company has not received any assessments for the years ended 31 December 2019, 2020, 2021 and 2022.

**b) Income tax**

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

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**11. REVENUE**

The Group generates revenue from the sale products to its customers. In the following table, revenue from customers is disaggregated by major products and primary geographical market. The Group recognized all the revenue at a point in time.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Major Products</b>				
Pharmaceutical Product	256,139,125	207,596,939	515,743,052	410,684,040
Consumer Health Products	42,258,261	30,700,982	84,606,182	71,397,006
	<u>298,397,386</u>	<u>238,297,921</u>	<u>600,349,234</u>	<u>482,081,046</u>

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Primary geographical markets</b>				
KSA	207,717,536	156,439,920	411,791,337	324,199,794
Gulf	37,961,772	26,422,890	75,208,707	51,131,702
Iraq	23,923,177	23,377,776	45,371,738	44,420,192
Egypt	11,911,820	18,105,911	23,663,947	31,456,577
North Africa and other export markets	16,883,081	13,951,424	44,313,505	30,872,781
	<u>298,397,386</u>	<u>238,297,921</u>	<u>600,349,234</u>	<u>482,081,046</u>

**12. FINANCE COSTS AND FINANCE INCOME**

<b><u>Finance costs</u></b>	Three-month period ended 30 June		Six-month period ended 30 June	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Foreign currency loss	--	4,270,496	1,307,618	33,015,225
Bank charges	96,514	201,200	256,555	386,748
Finance charges on leases	27,488	30,013	57,484	62,513
Total finance costs	<u>124,002</u>	<u>4,501,709</u>	<u>1,621,657</u>	<u>33,464,486</u>

**Finance income**

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023	2022	2023	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Investment at FVTPL - net changes in fair values	52,182	62,657	64,612	132,542
Foreign currency gain	729,768	--	--	--
Total finance income	<u>781,950</u>	<u>62,657</u>	<u>64,612</u>	<u>132,542</u>

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**13. COMMITMENTS AND CONTINGENCIES**

The Group has the following contingencies and commitments:

	<b>30 June 2023 (Unaudited)</b>	31 December 2022 (Audited)
Letter of credit	<b>14,870,691</b>	5,398,163
Letters of guarantee	<b>13,736,711</b>	7,612,107
Contractual commitments	<b>4,388,008</b>	9,425,502

The contractual commitments represent the Group's commitments related to construction and electromechanical contracts related to works in progress not yet complete.

**14. EARNINGS PER SHARE**

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

	<b>Three-month period ended 30 June</b>		<b>Six-month period ended 30 June</b>	
	<b>2023 (Unaudited)</b>	2022 (Unaudited) (Restated)	<b>2023 (Unaudited)</b>	2022 (Unaudited) (Restated)
Net profit for the period	<b>86,268,625</b>	50,423,538	<b>170,668,564</b>	93,954,453
Number of ordinary shares	<b>70,000,000</b>	10,000,000	<b>70,000,000</b>	10,000,000
Effect of increase in share capital (note 14.1)	--	60,000,000	--	60,000,000
Weighted average number of ordinary shares in issue	<b>70,000,000</b>	70,000,000	<b>70,000,000</b>	70,000,000
Basic and diluted earnings per share	<b>1.23</b>	0.72	<b>2.44</b>	1.34

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

- 14.1 Subsequent to the period ended 30 June 2022, the Company increased its share capital through distribution of free share resulting in change in the weighted average number of ordinary shares in issue, this led to a retrospective adjustment to number of shares in prior period for the purpose of calculation of EPS.

**15. RELATED PARTIES TRANSACTIONS AND BALANCES**

The Group in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in IAS-24. Transaction with related parties mainly relate to expenses incurred by the related parties on behalf of the Group and sales processed through affiliated companies (parties related to the Group or shareholders of the Company) in accordance with the agreement mutually entered into. Transactions with related parties are undertaken at mutually agreed prices. Significant related party balances arising from transactions are described as under:



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**15. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>30 June</u>		<u>30 June</u>	<u>31 December</u>
			<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
			(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<u><b>Due from related parties under trade and other receivables:</b></u>						
Jamjoom Medicine Stores	Affiliate	*Sale of products Distribution commission	<b>357,496,424</b>	262,485,756		
			<b>2,504,730</b>	13,434,662	<b>313,171,325</b>	194,929,555
<u><b>Due from related parties under prepayment and other current assets:</b></u>						
Jamjoom HUPP Pharma	Joint venture	**Loan receivable	--	--	<b>17,452,028</b>	17,452,028
New Jamjoom Healthcare Hospital	Affiliate	Expenses paid	<b>40,236</b>	22,049	--	--
Dan International for trading & Industries	Affiliate	Expenses paid	<b>600</b>	31,436	--	--
Jamjoom Algeria Lildawa	Joint venture	Expenses paid	<b>817,650</b>	--	<b>472,329</b>	196,704
					<b>17,924,357</b>	17,648,732
Less: Provision for impairment loss on due from related party (note 15.1)					<b>(9,135,255)</b>	(9,135,255)
					<b>8,789,102</b>	8,513,477
<u><b>Advances to related parties under prepayment and other receivables:</b></u>						
Dream Sky Travel & Tourism Agency	Affiliate	Advance against services rendered	<b>1,782,447</b>	233,604	<b>1,989,422</b>	206,975
Jafaar Mohammed Salah Jamjoom and Partner for Engineering Consulting	Affiliate	Advance against services rendered	<b>75,000</b>	--	<b>75,000</b>	--
					<b>2,064,422</b>	206,975

\*This represents gross sales amount.

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

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**15. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)**

<u>Name</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
			<u>30 June</u>	<u>31 December</u>		
			<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
			(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<u><b>Due to related parties under trade payables and other current liabilities:</b></u>						
Jamjoom General Agencies	Affiliate	Purchases and services rendered	238,579	141,809	58,705	480,768
Jamjoom Printing Press	Affiliate	Purchases and services rendered	3,595,551	870,856	1,097,151	1,076,482
Jeddah Trident Hotel	Affiliate	Purchases and services rendered	--	56,129	--	--
Dream Sky Travel & Tourism Agency	Affiliate	Services rendered	4,357,437	2,310,050	477,783	46,241
Tegan Al Fateh Factory Company Limited	Affiliate	Purchases – Packing material	10,905,589	8,949,346	4,433,533	3,560,552
Jafaar Mohammed Salah Jamjoom and Partner for Engineering Consulting	Affiliate	Professional Service	5,750	563,500	--	216,950
Hamza Mahmoud Yousuf Jamjoom Contracting Corporation	Affiliate	Retention Money	--	155,590	33,760	33,760
					6,100,932	5,414,753

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

	<u>30 June</u> <u>2023</u> (Unaudited)	<u>31 December</u> <u>2022</u> (Audited)
Opening balance	9,135,255	--
Provision during the period/year	--	9,135,255
Closing balance	<b>9,135,255</b>	<b>9,135,255</b>

**Key management personnel remuneration and compensation**

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

	<u>30 June</u> <u>2023</u> (Unaudited)	<u>30 June</u> <u>2022</u> (Unaudited)
Short-term employee benefits	9,343,676	7,644,558
Long-term employee benefits	<b>666,735</b>	<b>296,419</b>

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**15. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)**

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

Board of Directors remuneration and compensation comprised of the following:

	<b>30 June 2023 (Unaudited)</b>	30 June 2022 (Unaudited)
Meeting attendance fees	<b>2,612,228</b>	442,000

**16. OPERATING SEGMENTS**

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

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

- Pharmaceutical Products – represents medicines or drugs and they are essential for the prevention and treatment of diseases, and protection of public health.
- Consumer Health Products – represents the products sold directly to consumers. Unlike prescription drugs, selection and use of consumer health products does not require the oversight of a health care practitioner.

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

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the CODM. There are no inter segment revenue reported during the period. The following table presents segment information for the period ended 30 June:

<b><u>Particulars</u></b>	<b><u>Pharmaceutical Products</u></b>		<b><u>Consumer Health Products</u></b>		<b><u>Total</u></b>	
	<b>30 June 2023 (Unaudited)</b>	30 June 2022	<b>30 June 2023 (Unaudited)</b>	30 June 2022	<b>30 June 2023 (Unaudited)</b>	30 June 2022
Revenue - external customers	<b>515,743,052</b>	410,684,040	<b>84,606,182</b>	71,397,006	<b>600,349,234</b>	482,081,046
Cost of revenue	<b>(174,520,116)</b>	(144,431,545)	<b>(28,127,010)</b>	(20,265,055)	<b>(202,647,126)</b>	(164,696,600)
Segment profit	<b>341,222,936</b>	266,252,495	<b>56,479,172</b>	51,131,951	<b>397,702,108</b>	317,384,446

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**16. OPERATING SEGEMENT (continued)**

**Unallocated income / (expenses)**

	<b>30 June 2023 (Unaudited)</b>	<b>30 June 2022 (Unaudited)</b>
Gross profit before Zakat and tax for reportable segments	<b>397,702,108</b>	317,384,446
Selling and distribution expenses	<b>(154,888,414)</b>	(139,860,278)
General and administrative expenses	<b>(34,780,894)</b>	(25,416,963)
Research and development expenses	<b>(17,382,699)</b>	(16,581,455)
Impairment loss on financial asset	<b>(4,183,400)</b>	(492,817)
Finance costs	<b>(1,621,657)</b>	(33,464,486)
Finance income	<b>64,612</b>	132,542
Share of results in equity-accounted investee, net of tax	<b>(348,301)</b>	(128,286)
Other expense	<b>(1,015,304)</b>	(794,402)
Other income	<b>1,286,611</b>	1,669,047
<b>Profit before Zakat and tax</b>	<b>184,832,662</b>	102,447,348

Detail of segment assets and liabilities is given below:

<b><u>Particulars</u></b>	<b><u>Allocated</u></b>		<b><u>Unallocated</u></b>	
	<b><u>Pharmaceutical Products SR</u></b>	<b><u>Consumer Health Products SR</u></b>	<b><u>Others SR</u></b>	<b><u>Total SR</u></b>
<b>30 June 2023 (Unaudited)</b>				
Segment assets	--	--	1,621,094,431	1,621,094,431
Segment liabilities	--	--	266,229,221	266,229,221
<b>31 December 2022 (Audited)</b>				
Segment assets	--	--	1,407,817,125	1,407,817,125
Segment liabilities	--	--	191,553,799	191,553,799

Pharmaceutical and consumer health segment are managed on a worldwide basis, but sales are primarily in Saudi Arabia, Egypt, Iraq, Gulf countries, North Africa and other countries.

**17. FINANCIAL RISK MANAGEMENT**

The Group generally has exposure to the financial risks, credit risk, liquidity risk, market risk and capital management. Generally, the Group's objectives, policies and processes for managing risk are the same as those disclosed in its consolidated financial statements for the year ended 31 December 2022.

**Fair Value**

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

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**17. FINANCIAL RISK MANAGEMENT (continued)**

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

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

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

As the Group's financial instruments are compiled under the historical cost convention, except for investments, differences can arise between the book values and fair value estimates. Management believes that the carrying value of the Group's financial assets and liabilities approximate its respective fair values.

As of 30 June 2023, and 31 December 2022, financial assets of the Group are classified under level 1 of the fair value hierarchy including financial investments at fair value through profit or loss made in public listed companies amounting to SR 749,438 (31 December 2022: SR 684,826). Other financial investments at fair value through profit or loss amounting to SR 19,566 (31 December 2022: SR 19,566) are classified under level 3.

**18. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS**

*Standards, interpretations, and amendments issued*

The following table lists the recent changes to the Standards that are required to be applied for annual period beginning on or after 1 January 2023. The adoption of the following amendments to the existing standards had no significant impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

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**18. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (continued)**

*Standards, interpretations, and amendments issued (continued)*

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023

*Standards, interpretations, and amendments issued but not yet effective*

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the condensed consolidated interim financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

<i><u>Standard / Interpretation</u></i>	<i><u>Description</u></i>	<i><u>Effective from periods beginning on or after the following date</u></i>
Amendments to IFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1); and Non- current liabilities with covenants (amendments to IAS 1)	1 January 2024
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

Management does not expect that there will be a material impact from applying the above standards upon implementation.

**19. SUBSEQUENT EVENTS**

Subsequent to the period ended 30 June 2023, on 9 August 2023 (corresponding to 22 Muharram 1445H) the Company's Board of Directors approved an interim dividend of SR 70 million (SR 1 per share for a total number of 70,000,000 shares).

**20. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Company's Board of Directors on 09 August 2023 corresponding to 22 Muharram 1445H.