Innovative and Leading

the way in healthcare solutions

TIBBIYAH

طبية

الشركة الطبية العربية العالمية القابضة

Arabian International Healthcare Holding company

Annual Report 2021

بسم الله الرحمن الرحيم

His Majesty

King Salman Bin Abdulaziz Al Saud

Custodian Of The Two Holy Mosques

His Royal Highness

Prince Mohammed Bin Salman Bin Abdulaziz Al Saud

Crown Prince, Deputy Prime Minister, and Minister of Defense of Saudi Arabia and the Chairman of the Council of Economic and Development Affairs

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Chairman's Message

Peace and blessings of Allah be upon you,

On behalf of the Board members of the Arabian International Healthcare Holding Company ("TIBBIYAH"), I am honored to welcome you to the annual report for the year 2021. I hope that this year (2022) will comprise a new start for ("TIBBIYAH") to achieve further success in its sustainable development journey.

("TIBBIYAH") was remarkably resilient in addressing the negative repercussions on the local and global markets, which resulted from the measures that were taken to reduce the spread of the Covid-19 pandemic. We applied advance strategic planning as one of the most important fundamentals of ("TIBBIYAH") activity in general. We also conducted in-depth studies on market trends, and tendencies of the healthcare sector customers in the Kingdom as well as their rapidly growing requirements. In fact, ("TIBBIYAH") demonstrated its ability to develop its business strategy through re-assessing the key business streams and adopting a promising business plan targeting the development of the healthcare sector development. As such, ("TIBBIYAH") has confirmed its position as a leader in providing integrated healthcare solutions in the Kingdom.

In addition, in my capacity as ("TIBBIYAH") board chairman, I would like to extend sincere thanks and appreciation to all the parties who have taken part in the journey of converting the Arabian International Healthcare Holding Company ("TIBBIYAH") from a Limited Liability Company to a Joint Stock Company to be listed on the parallel capital market – NOMU in 2022, a paradigm shift in ("TIBBIYAH")'s business journey. My thanks and appreciation go also to all shareholders for their confidence in ("TIBBIYAH") as a newly listed company, affirming that we will maintain a high degree of confidence with them and use our best endeavors to satisfy their expectations.

This report marks the last year achievements of ("TIBBIYAH"), represented by its board of directors, board committees and executive committees. I am pleased again here to express my deep gratitude and appreciation to all shareholders, board members, executive management and all our employees, whose confidence, support, and encouragement have played a key role in ("TIBBIYAH") business continuity and its achievements at all levels. We are very hopeful that the upcoming years will be full of major achievements that meet the ambitions of realizing further growth and sustainable leadership in the healthcare market locally and regionally streams.

Ziad Al-Tunisi

Chairman of the Board

CEO's Message

Peace and blessings of Allah be upon you,

Since the time Vision 2030 has been set in place, and the start of implementing its programs, the Kingdom of Saudi Arabia has been witnessing steady economic growth driven by sustainable development in the gross domestic product (GDP) and economic reforms that have boosted the national economy. At Arabian International Healthcare Holding Company, we work with our suppliers to enhance economic growth in the Kingdom in general and the healthcare sector in particular. In fact, we realized many achievements in 2021, in line with ("TIBBIYAH") strategy, which focused on the development of the infrastructure and the services we provide to our customers in the healthcare sector. ("TIBBIYAH"), more importantly, took a transitional step that has led to convert ("TIBBIYAH") to a Joint Stock Company to be listed on the parallel market -NOMU in 2022.

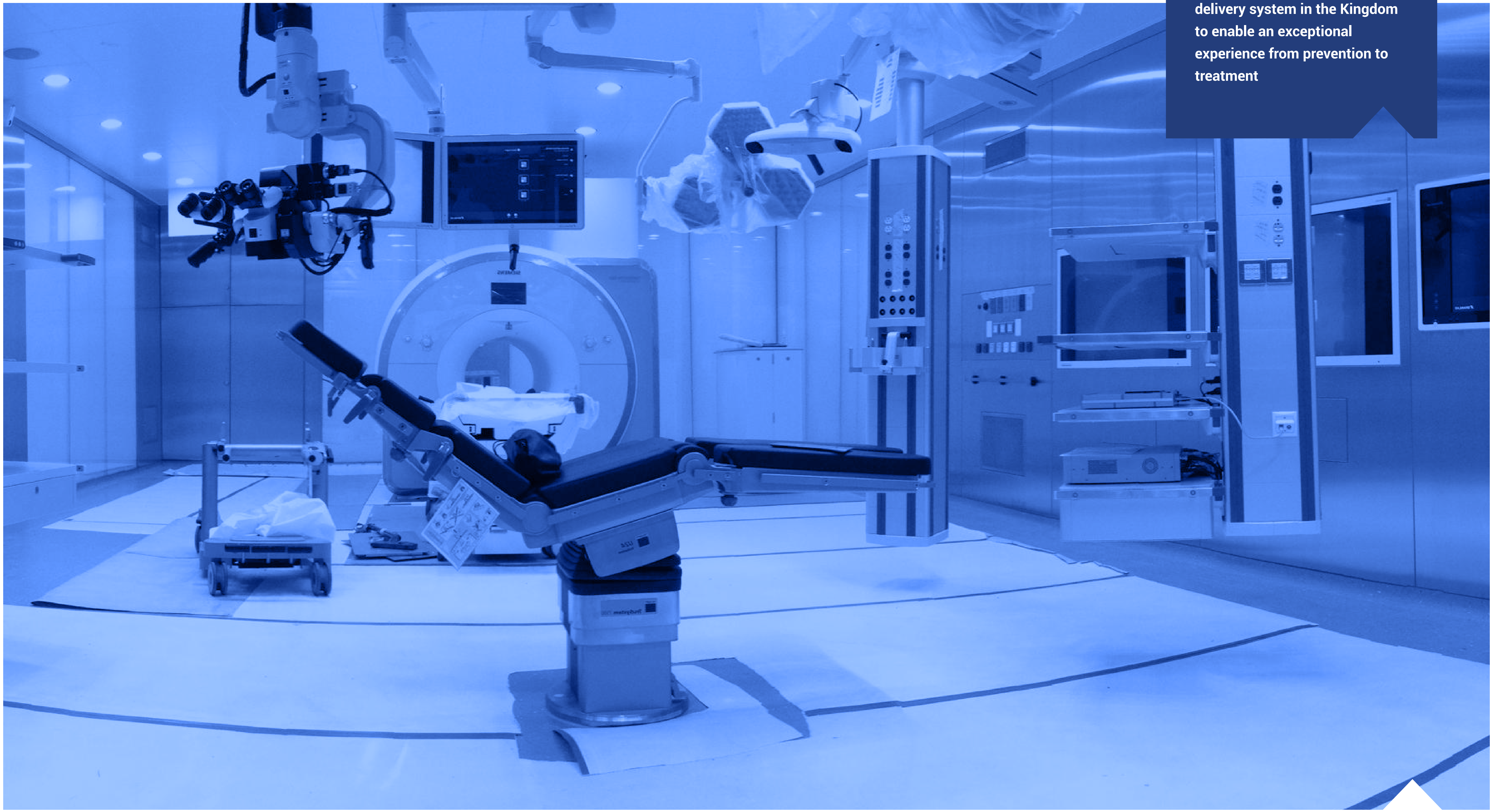
In a strategic landmark development in 2021, Arabian International Healthcare Holding Company ("TIBBIYAH") intended to list its shares on the Saudi parallel capital market – NOMU in 2022. In this context, we stress on our commitment to apply the highest levels of governance and achieve our future and expansion plans locally and beyond. ("TIBBIYAH") is also keen to provide diversified and quality services and innovate and develop new services that align with the requirements of the Saudi Healthcare sector.

Needless to say, that ("TIBBIYAH") has continued to implement the programs and initiatives set out in its strategy. ("TIBBIYAH") was restructured, and the internal processes and policies were developed, aiming to foster ("TIBBIYAH")'s leadership in the healthcare sector and provide high quality and value-added services to our customers. In addition, we implemented several developmental projects that targeted upgrading the provided services quality level. ("TIBBIYAH") also conducted training programs to enhance its manpower efficiency, skills and professionalism, an additional competitive advantage of ("TIBBIYAH"). We also invested in our technical systems, and many services provided to healthcare customers were automated. A large number of internal processes were also updated, aiming at increasing operational efficiency. The supply and logistic chain management processes were automated and their systems were developed as well.

("TIBBIYAH") aims to continue achieving its strategy to provide integrated healthcare solutions, believing that the human capital is the core element in the progress of any organization. In this regard, I would like to extend my sincere gratitude and appreciation to ("TIBBIYAH") board for supporting ("TIBBIYAH") journey of success. I would like also to thank all ("TIBBIYAH") employees for the key role they played in the achievements we have so far realized. Finally, I would like to confirm that we will continue to implement our strategic initiatives set for 2022 and beyond it, aiming to expand geographically and provide a variety of high-quality services, up to the satisfaction of our customers. I am all confident that ("TIBBIYAH") will achieve these objectives relying on the concerted efforts and synergies of its employees to serve its customers and realize its ambitious business plans as part of its commitments towards its shareholders and partners of success.

Alaa Amin

Chief Executive Officer



Our Vision

Transforming the healthcare delivery system in the Kingdom to enable an exceptional experience from prevention to treatment

General Assemblies

TIBBIYAH had two General Assemblies on year 2021 as follows

Description	Date	Attendees	
Extra Ordinary General Assembly	20/4/2021	Advanced Drugs Company for Pharmaceutical	Al Faisaliah Commercial Investment
Extra Ordinary General assembly	21/12/2021	Advanced Drugs Company for Pharmaceutical	Al Faisaliah Commercial Investment

Board of Directors

Arabian International Healthcare Holding Company ("TIBBIYAH") is managed by a Board of Directors consisting of (7) seven members elected by the Ordinary General Assembly of the Shareholders for a period not to exceed (3) three years. Members of the Board of Directors may be re-elected. The term of membership of the first Board of Directors starts from the date of issuing the ministerial decision announcing the transformation of TIBBIYAH into a joint stock company. With an exception to that, the Transformational General Assembly appoints the first Board of Directors for a period of (5) five years. The members of the Board of Directors were appointed by TIBBIYAH Transformational General Assembly, which was held on 10/08/1442H (corresponding to 23/03/2021) for a period of five (5) years. The Board of Directors holds its meetings at least four (4) times per year.

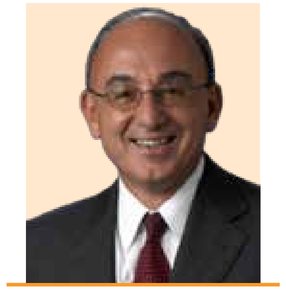
Board Responsibilities

Notwithstanding the powers prescribed for the General Assembly, the Board of Directors shall have the widest powers and authorities in managing TIBBIYAH and supervising the management and implementation of business and the conduct of its affairs. The role of TIBBIYAH 's Board of Directors, is to set general strategies, policies, main plans and financial objectives for TIBBIYAH's business, to appoint TIBBIYAH's executive managers, and to certify all financial reserves and budgets. Moreover, the Board of Directors shall protect the interests of shareholders by ensuring full compliance with all laws and regulations in force in the Kingdom in accordance with the Statute and the Corporate Governance Law.

Members of the Board of Directors

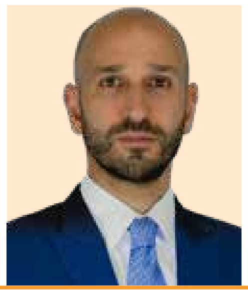
Prince/ Mohammed bin Abdul Rahman bin Abdullah Al Saud
Deputy Chairman of the Board

Ziad Mohammed Makki Saleh Al-Tunisi
Chairman of Board of Directors



Steven Swinson
Board Member

Mohamed Omar Idriss Khoudli
Board Member



Rami Hassan Naeem Farhat
Board Member

Bassem Mohamed Bendary Hussein
Board Member

Keith Lostaglio
Board Member

Biographies of Members of Board of Directors

Ziad Mohammed Makki Saleh Al-Tunisi

Current Position
- Chairman of the Board of Directors of Arabian International Healthcare Holding Company since 2021.

Previous Jobs and Experience
- Chairman of the Board of Directors of Arabian International Healthcare Holding Company since 2021
- CEO of Al-Faisaliah Group Holding Company in Riyadh since 2017.
- Deputy CEO of Al-Faisaliah Group Holding Company in Riyadh from 2008 to 2017.
- Financial Director and Investment Manager at Al Faisaliah Group Holding Company in Riyadh from 2003 to 2008.
- Manager of Treasury at Al Faisaliah Group Holding Company in Riyadh from 1998 to 2003.
- Investment advisor in private banking services at Samba Financial Group in Riyadh from 1991 to 1998.
- Member of the Board of Directors of Samba Financial Group in Riyadh from 2011 to 2018.

Academic Qualification
- He holds a master's degree in international securities and investment banking from the University of Reading in the United Kingdom in 1996.
- He holds a bachelor's degree in Business Administration from King Saud University in Riyadh in 1991

Prince/ Mohammed bin Abdul Rahman bin Abdullah Al Saud

Current Position
- Deputy-Chairman of the Board of Directors of Arabian International Healthcare Holding Company since 2021.

Previous Jobs and Experience
- Member of the Board of Directors and CEO of the Virtual Data Company" Clinicy" in Riyadh since 2016.
- Strategic advisor at Saudi Accenture Company Ltd. in Riyadh from 2015 to 2016.

Academic Qualification
- He holds a master's degree in Innovation Management from Birkbeck University of Business Administration in the United Kingdom in 2015.
- He holds a bachelor's degree in Project Management from Al- Faisal University in Riyadh in 2012.

Steven Swinson

Current Position
- Member of the Board of Directors of Arabian International Healthcare Holding Company since 2021.

Previous Jobs and Experience
- Partner and Director of Swensen SNC Management and Consulting in Switzerland since 2017.
- Vice President of the Department of Spine and Biology in Europe and Canada at Medtronic International in Switzerland from 2011 to 2014.
- Vice President and General Manager of the Global Spine Department at Medtronic International in Switzerland during the year 2011.
- Vice President of Spinal Technologies and Surgery Department at Medtronic International in Switzerland during 2010.
- Regional Vice President for Europe at Medtronic International in Switzerland from 2008 to 2009.
- Vice President of Developing Markets at Medtronic International in Switzerland during 2007.
- Vice President of the Department of Spine, Nose and Throat Diseases at Medtronic International in Switzerland from 2004 to 2006.
- General Manager of the International Division of Diagnostic Radiology at General Electric Company in Massachusetts, USA, from 2001 to 2002.
- Vice President and General Manager of the US Commercial Operations Division at General Electric Company in Massachusetts, USA, from 1999 to 2000.
- Vice President of the Asian Health System Division at Market Medical System Company in China from 1997 to 1999.
- Marketing Manager of the Asia Division of Hewlett-Packard Company in California, USA, during 1996.
- Manager of Medical Distribution for the International Sales Department in Europe at Hewlett-Packard Company in California, USA, from 1994 to 1995.
- Manager of European Medical Distributors in Hewlett-Packard Company in California, USA, during the year 1993.
- Medical Director of Hewlett-Packard Company in California, USA, from 1990 to 1992.
- Senior Sales Representative at Hewlett-Packard Company in California, USA, during 1989.

Academic Qualification
- He holds a PhD in Electrical and Electronics Engineering from the University of Manchester in the United Kingdom in 1981 G.
- He Holds a master's degree in Business Administration from the University of Chicago Business in the state of Illinois, USA, in 1988.
- He holds a master's degree in digital electronics from the University Of Manchester in The United Kingdom in 1979.
- He holds a bachelor's degree in Biomedical Electronics from the University of Salford in the United Kingdom in 1978.
- He holds a certificate of accredited engineer and a member of the Institute of Electrical and Electrical Engineers in the United Kingdom in 1986.

Mohamed Omar Idriss Khoudli

Current Position
- Member of the Board of Directors of Arabian International Healthcare Holding Company since 2021.

Previous Jobs and Experience
- CEO of the Arabian International Healthcare Holding Company in Riyadh from 2015 to 2020.
- CEO of General Electric Company in Egypt from 2008 to 2014.
- Marketing Manager at General Electric in France from 2003 to 2007.
- CEO of General Electric Company in Italy from 1997 to 2002.
- Project Manager at the International Business Systems Company in France from 1990 to 1996.
- Research Engineer at the French Electricity Company in France from 1985 to 1989.

Academic Qualification
- He holds a Master's degree in Business Administration from INSEAD University in France in 1996.
- He holds a PhD in fluid mechanics from the Central University of Lyon in France in 1989.
- He holds a master's degree in science from the Central University of Lyon in France in 1985.

Rami Hassan Naeem Farhat

Current Position
- Member of the Board of Directors of Arabian International Healthcare Holding Company since 2021.

Previous Jobs and Experience
- Head of Investment, Mergers and Acquisitions at Al-Faisaliah Group Holding Company in Riyadh since 2014.
- Vice President of Mergers, Acquisitions and Business Development at Mubadala GE Company in the United Arab Emirates from 2010 to 2014.
- Vice President of Mergers, Acquisitions and Business Development at Audi Capital in the United Arab Emirates from 2004 to 2010.
- Financial Analyst at Procter and Gamble in Lebanon from 2003 to 2004.
- Assistant Financial Analyst at Price water house Coopers in Lebanon from 2001 to 2003

Academic Qualification
- He holds a bachelor's degree in Business Administration from the American University of Beirut, Lebanon, in 2000.
- He holds a Chartered Financial Analyst certificate from the Institute of Chartered Financial Analysts in Virginia, USA, in 2005.

Basem Mohamed Bendary Hussein

Current Position
- Member of the Board of Directors of Arabian International Healthcare Holding Company since 2021.

Previous Jobs and Experience
- COO of Operations of Al-Faisaliah Group Holding Company in Riyadh since 2018.
- Head of the financial sector for Saudi Arabia, Gulf, Levant and Iraq in the Saudi Snack Food Company Ltd. "PepsiCo Foods" in Riyadh from 2011 to 2018.
- Head of the financial sector at PepsiCo in Egypt from 2006 to 2011.
- Financial Controller at Tasty Foods Company in Egypt from 1999 to 2006.
- Auditor at KPMG, Chartered Auditors and Accountants in Egypt from 1994 to 1999.
- Member of the Audit Committee of the First Mills Company in Jeddah since 2021.
- Chairman of the Audit Committee of Al-Safi Danone Limited Company in Riyadh since 2019.

Academic Qualification
- He holds a bachelor 's degree in Accounting from Zagazig University in Egypt in 1991.
- He holds a fellowship certificate from the Egyptian Society of Accountants and Auditors in Egypt in 2018.
- He holds a certificate of certified legal auditor for joint stock companies from the Egyptian Ministry of Finance in Egypt in 1998.

Keith Lostaglio

Current Position
- Member of the Board of Directors of Arabian International Healthcare Holding Company since 2021.

Previous Jobs and Experience
- Head Executive of Portfolio for the Healthcare and Pharmaceutical Sector at Al Faisaliah Group Holding Company in Riyadh from 2019 to 2021.
- Head of the Health care and Life Sciences Sector at EV Parthenon in Singapore from 2018 to 2019.
- Head of the Asia Pacific Healthcare Division at IT Kearney in Japan and Singapore from 2014 to 2018.
- Head of the healthcare practice at McKinsey & Co. in Japan from 2001 to 2014.

Academic Qualification
- He holds a master's degree in public health from Yale University in Connecticut, USA, in 1997.
- He holds a bachelor's degree in Arts and Sciences from Cornell University in New York State, USA, in 1987.

Companies inside or outside the Kingdom in which a member of TIBBIYAH's Board of Directors is a member of its current and previous Boards of Directors or one of its managers.

No.	Member Name	Names of companies in which a board member is a member of their current board of directors or one of their managers	Inside or outside the Kingdom	Names of companies in which a member of the board of directors is a member of their previous boards of directors or one of their managers	Inside or outside the Kingdom
1	Ziad Mohammed Makki Saleh Al-Tunisi	Chairman of the Board of Directors of Nuwa Capital Company in Riyadh since 2020.	Inside the Kingdom	Member of the Board of Directors of the Saudi National Bank in Riyadh since 2018	Inside the Kingdom
		Member of the Board of Directors of Sackville Capital Limited in the United Kingdom since 2020.	Inside the Kingdom	Member of the Board of Directors of the Knowledge Economic City Company in Madinah since 2018.	Inside the Kingdom
		Chairman of the Board of Directors of AWJ Holding Company in Riyadh since 2019.	Inside the Kingdom	Chairman of the Board of Directors of Philips Healthcare Saudi Arabia Limited in Riyadh since 2016	Inside the Kingdom
		Member of the Board of Directors of a digital platform for information Technology Company in Riyadh since 2019.	Inside the Kingdom	Member of the Board of Directors of Lafana Holding Company in Riyadh since 2015.	Inside the Kingdom
		-	-	Member of the Board of Directors of the Saudi Accenture Company Ltd. in Riyadh since 2015.	Inside the Kingdom
		-	-	Chairman of the Board of Directors of Axantia Holding Company in Riyadh since 2014.	Inside the Kingdom
		-	-	Chairman of the Board of Directors of Al- Safi Danone Co. Ltd. in Riyadh since 2009	Inside the Kingdom
2	Prince/ Mohammed bin Abdulrahman bin Abdullah Al Saud	Member of the Board of Directors and CEO of the Virtual Data Company" Clinicy" in Riyadh since 2016.	Inside the Kingdom	-	-
3	Steven Swinson	Chairman of the Board of Directors of Convia SA in Switzerland since 2019.	Outside the Kingdom	-	-
		Partner and Director of Swensen SNC Management and Consulting in Switzerland since 2017.	Outside the Kingdom	-	-
4	Mohamed Omar Idriss Khoudli	-	-	-	-
5	Rami Hassan Naeem Farhat	Member of the Board of Directors at Mezzan Food Company in Riyadh since 2016	Inside the Kingdom	-	-
6	Bassem Mohamed Bendary Hussein	Member of the Board of Directors of the International Company for Pharmaceutical and Chemical Industries and Medical Appliances in Jordan since 2019.	Inside the Kingdom	-	-
7	Keith Lostaglio	Member of the Board of Directors at Axantia Holding Company in Riyadh since 2020.	Inside the Kingdom	-	-

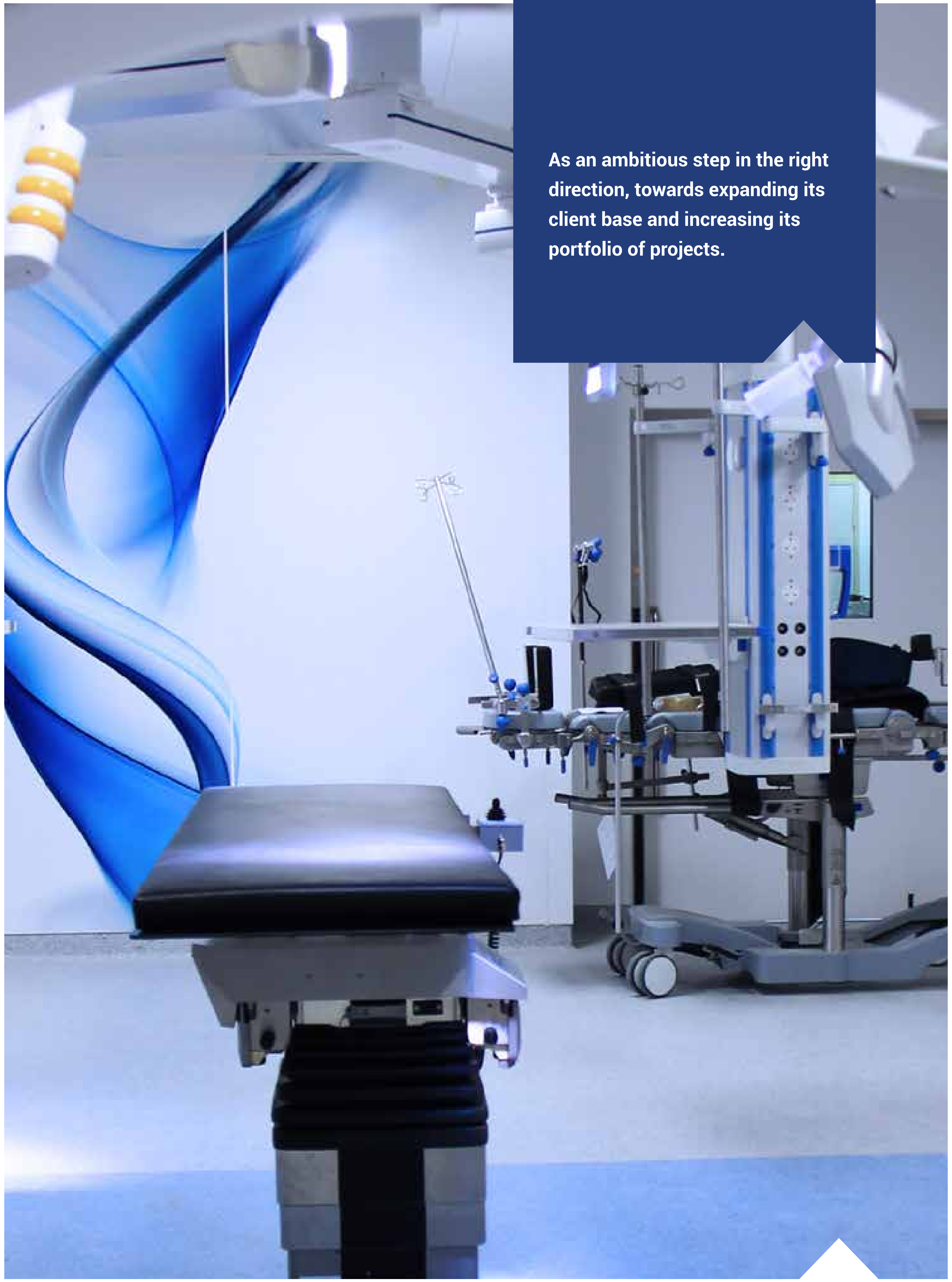
Board Meetings

The Board of Directors meets 4 times per year or when two Board members call for a meeting to follow up on the operations and monthly and quarterly financial results and to supervise the executive management. The following are the data and dates of the Board of Directors' meetings during the year 2021 starting from 30th of March 2021 (the Conversion Date):

No.	Member Name	Position	Meetings held during the year 2021		
			1st Meeting April 28,2021	2nd Meeting July 28, 2021	3rd Meeting Nov. 09,2021
1	Ziad Mohammed Makki Saleh Al-Tunisi	Chairman of Board of Directors	√	√	√
2	Prince/ Mohammed bin Abdul Rahman bin Abdullah Al Saud	Deputy of Chairman of the Board	√	√	√
3	Steven Swinson	Board Member	√	√	√
4	Mohamed Omar Idriss Khoudli	Board Member	√	√	√
5	Rami Hassan Naeem Farhat	Board Member	√	√	√
6	Bassem Mohamed Bendary Hussein	Board Member	√	√	√
7	Keith Lostaglio	Board Member	√	√	√

Board Members Remuneration for year 2021:

No.	Member Name	Position	Remuneration
1	Ziad Mohammed Makki Saleh Al-Tunisi	Chairman of Board of Directors	voluntarily Waived
2	Prince/ Mohammed bin Abdul Rahman bin Abdullah Al Saud	Deputy of Chairman of the Board	voluntarily Waived
3	Steven Swinson	Board Member	250,000 SAR
4	Mohamed Omar Idriss Khoudli	Board Member	250,000 SAR
5	Rami Hassan Naeem Farhat	Board Member	voluntarily Waived
6	Bassem Mohamed Bendary Hussein	Board Member	voluntarily Waived
7	Keith Lostaglio	Board Member	voluntarily Waived



As an ambitious step in the right direction, towards expanding its client base and increasing its portfolio of projects.

Board Committees

In order to achieve greater efficiency, the Board of Directors is supported to assist in the performance of its activities by a number of internal committees formed by the Board or the General Assembly. The Board has the right to establish the committees it deems necessary to achieve effective governance and supervision of TIBBIYAH's operations, while defining its powers, objectives and reporting mechanisms. On an annual basis, the Board reviews and approves or amends the powers of its sub-committees to ensure that these powers remain fit and don't require any amendments.

The Board committees submit their annual report to the Board of Directors, including the committee's activities, results of its work, decisions and recommendations, with complete transparency. The Board of Directors regularly monitors the activities of its committees to ensure the performance of the duties entrusted to them, the chairpersons of the internal committees submit a quarterly report to the Board. The Board's internal committees may employ external and independent professional advisers, they can seek support from employees at all levels of employment within TIBBIYAH to help them carry out their responsibilities. External advisors, some directors, and members of the senior management team, when needed, attend committee meetings with members of this committee and the secretary, but only at the invitation of the committee chair.

Each Board committee is accountable to the Board in respect of its activities, although this responsibility does not relieve the Board of its responsibility for those activities, duties, and powers it has delegated to its committees. The Audit Committee is also responsible for performing its roles and responsibilities before the General Assembly. The Audit Committee prepares and presents an annual report on the work of the Audit Committee to the General Assembly. The committees also have full access to all employees, workplaces, records, regulations and legal consultants to enable them to carry out their responsibilities.

Audit Committee

The Audit Committee was formed in accordance with Article (54) of the Corporate Governance Regulations issued by the Capital Market Authority, and the Extraordinary General Assembly, in its meeting held on 08/09/1442 H (corresponding to 04/20/2021), approved the formation of an Audit Committee and define its tasks, work controls and remunerations of its members and the term of their membership for (5) five years.

The Audit Committee is responsible for monitoring TIBBIYAH's business, reviewing its records and documents, examining TIBBIYAH's financial statements, reports and notes submitted by the auditor, if any, evaluating the effectiveness of TIBBIYAH's risk assessment, and evaluating internal control systems, accuracy of financial and administrative reports, review of management reports and information requested by supervisory authorities, control and coordination of the work of external and internal auditors, ensure adherence to the rules of financial and administrative transactions and professional conduct, express an opinion thereon and prepare reports on the adequacy of TIBBIYAH's internal control system and its work.

Audit Committee Members

Name	Position	Capacity
Bassem Mohamed Bendary Hussein	Chairman of the Audit Committee	Non-executive/ Non-independent
Rami Hassan Naeem Farhat	Member of the Audit Committee	Non-executive/ Non- independent
Mohammed Amer Amer Javed	Member of the Audit Committee	Non-executive/ Non- independent

Biographies of the Audit Committee Members

Basem Mohamed Bendary Hussein

Current Positions
- Please review the CVs of the members of the Board of Directors mentioned above

Previous Jobs and Experience
- Please review the CVs of the members of the Board of Directors mentioned above

Academic Qualifications
- Please review the CVs of the members of the Board of Directors mentioned above

Rami Hassan Nairn Farhat

Current Positions
- Please review the CVs of the members of the Board of Directors mentioned above

Previous Jobs and Experience
- Please review the CVs of the members of the Board of Directors mentioned above

Academic Qualifications
- Please review the CVs of the members of the Board of Directors mentioned above

Mohammed Amer Amer Javed

Current Positions
- Member of the Audit Committee of the Arabian International Healthcare Holding Company, since 2021.

Previous Jobs and Experience
- CFO of Al-Faisaliah Group Holding Company in Riyadh since 2020.
- Executive VP in Suntory PepsiCo Vietnam Beverages Company in Vietnam from 2018 to 2020.
- CFO of PepsiCo in Pakistan and Afghanistan from 2013 to 2017.
- Executive Planning Officer at Levant Snack Food Company in all Gulf Cooperation Council countries from 2010 to 2013.
- Planning Director for PepsiCo's non-carbonated beverage business in Riyadh from 2007 to 2010.
- Operations controller at Schlumberger Company in Iran from 2000to 2007.
- Tax auditor at Price water house Coopers in Pakistan from 1992 to 2000.

Academic Qualifications
- He holds a bachelor's degree in Accounting from the University of Karachi in Pakistan in 1991.
- Holds the Fellowship of the Institute of Chartered Accountants of Pakistan in 1997.

Audit Committee Remuneration

Name	Position	Remuneration
Bassem Mohamed Bendary Hussein	Chairman of the Audit Committee	voluntarily Waived
Rami Hassan Naeem Farhat	Member of the Audit Committee	voluntarily Waived
Mohammed Amer Amer Javed	Member of the Audit Committee	voluntarily Waived

Audit Committee Meetings

The Audit Committee held three (3) meetings from March 30, 2021 (the date of its conversion into a Joint Stock Company) until December 31, 2021, as shown in the following table:

No.	Member Name	Position	Meetings held from March 30 to December 31, 2021		
			1st Meeting April 28, 2021	2nd Meeting July 28, 2021	3rd Meeting Nov.09,2021
1	Bassem Mohamed Bendary	Chairman of the audit committee	√	√	√
2	Rami Hassan Naeem Farhat	Member of the review committee	√	√	√
3	Mohammed Amer Amer Javed	Member of the review committee	√	√	√

Executive Management

Arabian International Healthcare Holding Company is composed of a number of key departments that work on managing and developing TIBBIYAH's business, each according to its role. Each department must carry out the duties and tasks that fall under its responsibility to activate TIBBIYAH overall performance and achieve its vision, mission, goals, and strategies on a short-term and long-term basis. TIBBIYAH executive management members are as follows:

Biographies of Executive Management Members

Alaa Abdul Majeed Amin

Current Position
- Chief Executive Officer, Arabian International Healthcare Holding Company, since 2020.

Previous Posts and Experiences
- CEO, Signify (formerly Philips Lighting Saudi Arabia), Riyadh, 2017 to 2020.
- General Manager. Honeywell Company, Riyadh, from 2014 to 2017.
- Sales Manager at General Electric Company, Riyadh, from 2008 to 2014.
- Regional Sales Manager, ABB, Riyadh from 1998 to 2008

Academic Qualifications
- He holds a bachelor's degree in Electrical Engineering from King Saud University, Riyadh, 1998.
- He holds a degree in Business Administration, University of Leicester, UK, 2007.

Murali Mohan

Current Position
- Chief Financial Officer and Operations Officer, Arabian International Healthcare Holding Company, since 2017.

Previous Posts and Experiences
- Executive General Manager of Al Faisaliah Group Holding Company, Riyadh, from 2016 to 2017.
- Executive General Manager, Modern Media Systems Company, Riyadh, from 2008 to 2015.
- General Manager of Al Faisaliah Commercial Investment Company, Riyadh, from 2007 to 2008.
- Financial Controller and Head of Retail Department, Modern Electronic Company, Riyadh, from 2001 to 2007.
- Manager of Information Technology, Al Faisaliah Group Holding Company, Riyadh, from 1999 to 2001.
- Senior Consultant, Ernst & Young & Co., Riyadh from 1998 to 1999.
- Financial Manager, Al- Ajial Marble Factory Company, Riyadh, from 1996 to 1998.
- Senior Manager of Financial Affairs, Eicher Group in India, from 1987 to 1995.

Academic Qualifications
- He holds a bachelor's degree in Commerce, University of Madras, India, 1984.
- He holds a Chartered Accountant Certificate from the Institute of Chartered Accountants of India, 1987.
- He holds a Certificate of Corporate Secretary from the Institute of Company Secretaries, India, 1989.

Firas Sobhi Sadaqah

Current Position
- General Manager of Sales, Al Faisaliah Medical Systems Company, since 2006

Previous Posts and Experiences
- Sales Engineer, Saudi Health Services Company, Riyadh, from 2003 to 2006.
- Sales Engineer at Munir Sukhtian Trading Group in Jordan from 2002 to 2003.

Academic Qualifications
- He holds a bachelor's degree in Electronic Engineering, Yarmuk University, Jordan 2002.

Islam Fawzi Ghazzawi

Current Position
- General Manager of Sales, International Medical Supplies Company, since 2011

Previous Posts and Experiences
- Senior Sales Engineer in the Ophthalmology Unit, Al-Khayyat Group, United Arab Emirates, from 2007 to 2010.
- Regional Manager of Surgery, Medicals International Company, Jordan, from 2004 to 2007.

Academic Qualifications
- He holds a bachelor's degree in Biomedical Engineering, Hashemite University, Jordan, 2004.

Samer Yusuf Nasser

Current Position
- Customer Support Manager, Arabian International Healthcare Holding Company, since 2004

Previous Posts and Experiences
- Maintenance Manager, Environmental Consulting Office, from 2002 to 2003.
- Service Engineer, Ministry of Economics and Commerce, Syria, from 1995 to 2002.

Academic Qualifications
- He holds a master's degree in Energetics, Tishreen University, Syria, 1996.
- He holds a bachelor's degree in Electrical Engineering, Tishreen University, 1995.

Akram Mohammed Al Tawarah

Current Position
- Medical Planning Manager, Arabian International Healthcare Holding Company, since 2021

Previous Posts and Experienc
- Biomedical Engineering Manager, Takamol Holding Company, Al Khobar, from 2016 to 2021.
- Biomedical Engineering Manager, Farooq Medical City, Iraq, from 2012 to 2016.
- Biomedical Engineer, Royal Scientific Society, Jordan, from 1994 to 2012.

Academic Qualifications
- He holds a master's degree in Industrial Engineering, Hashemite University, Jordan 2010.
- He holds a bachelor's degree in Electronic Engineering, Yarmuk University, Jordan, 1994.
- He holds a professional certificate in Risks Management, the American Project Management Institute, Pennsylvania, USA
- He holds a professional project manager certificate, American Project Management Institute, Pennsylvania, USA.

Ashjan Helmi Abdelghani

Current Position
- Human Resources Manager, Arabian International Healthcare Holding Company, since 2021.

Previous Posts and Experiences
- Head of Human Resources at Acumed Saudi Company Ltd., Riyadh, from 2020 to 2021.
- Senior partner for human resources business, Sanofi Company, Jeddah, from 2018 to 2020.
- Head of Human Resources for the Middle East, Boeri Switzerland Limited, United Arab Emirates, from 2015 to 2016.
- Head of Human Resources for the Saudi Arabia and Yemen region, Beiersdorf Middle East Company, Jeddah, from 2013 to 2014.
- Human resources business partner, Kamal Othman Jamjoom Company, Jeddah, from 2012 to 2013
- Regional Manager of the Human Resources and Incentives System, Crystal International Company, Jeddah, from 2009 to 2012.
- Human Resources Developer, Siemens Saudi Company Ltd., Jeddah, from 2005 to 2009.

Academic Qualification
- She holds a bachelor's degree of Computer Sciences, King Abdulaziz University, Jeddah, 2004

Khalil Al-Rahman Mohammed Rafi Al-Din

Current Position
- Internal Audit Manager, Arabian international Healthcare Holding Company, since 2018

Previous Posts and Experienc
- Head of Internal Audit, National Agricultural Development Company "NADEC", Riyadh, from 2008 to 2018
- Internal Audit Consultant, Saudi Telecom Company, Riyadh, from 2007 to 2008.
- Internal Auditor, National Agricultural Development Company" NADEC", Riyadh, from 2006 to 2007.
- Manager of Internal Audit, Zan Trading Company, Riyadh, from 2002 to 2006.
- Senior Management Accountant, National Glass Company, Riyadh, from 2001 to 2002.
- Financial Manager, Marateg Trading and Contracting Company, Riyadh, 1999 to 2001.
- Supervisor of Financial Planning and Budgets, General Arab Company for Medical Services Ltd, Riyadh, from 1992 to 1999.
- General Accountant, Luluat International Hospital Group, Jubail, from 1988 to 1992.

Academic Qualifications
- He holds a master's degree in Finance Business Administration, St. Mark 's and St. John's University, United Kingdom, 2018.
- He holds a master's degree in Business Administration, University of Wales, UK, in 2011.
- He holds a bachelor's degree in Accounting, University of Jaffna, Sri Lanka, 1987.
- He holds a certificate of Certified Forgery Examiner, Institute of Forgery Examiners, State of Texas, USA, 2006.

Alaa Salem Babji

Current Positio
- Director of Regulatory Affairs, Arabian International Healthcare Holding Company Since 2011

Previous Posts and Experiences
- Microbiologist, Al Jazeera Pharmaceutical Industries, Riyadh, 2009 to 2011.
- Microbiologist, United Company for Medical Industries Ltd., Riyadh, from 2007 to 2009.

Academic Qualification
- He holds a bachelor's degree in microbiology from King Saud University in Riyadh in 2007.

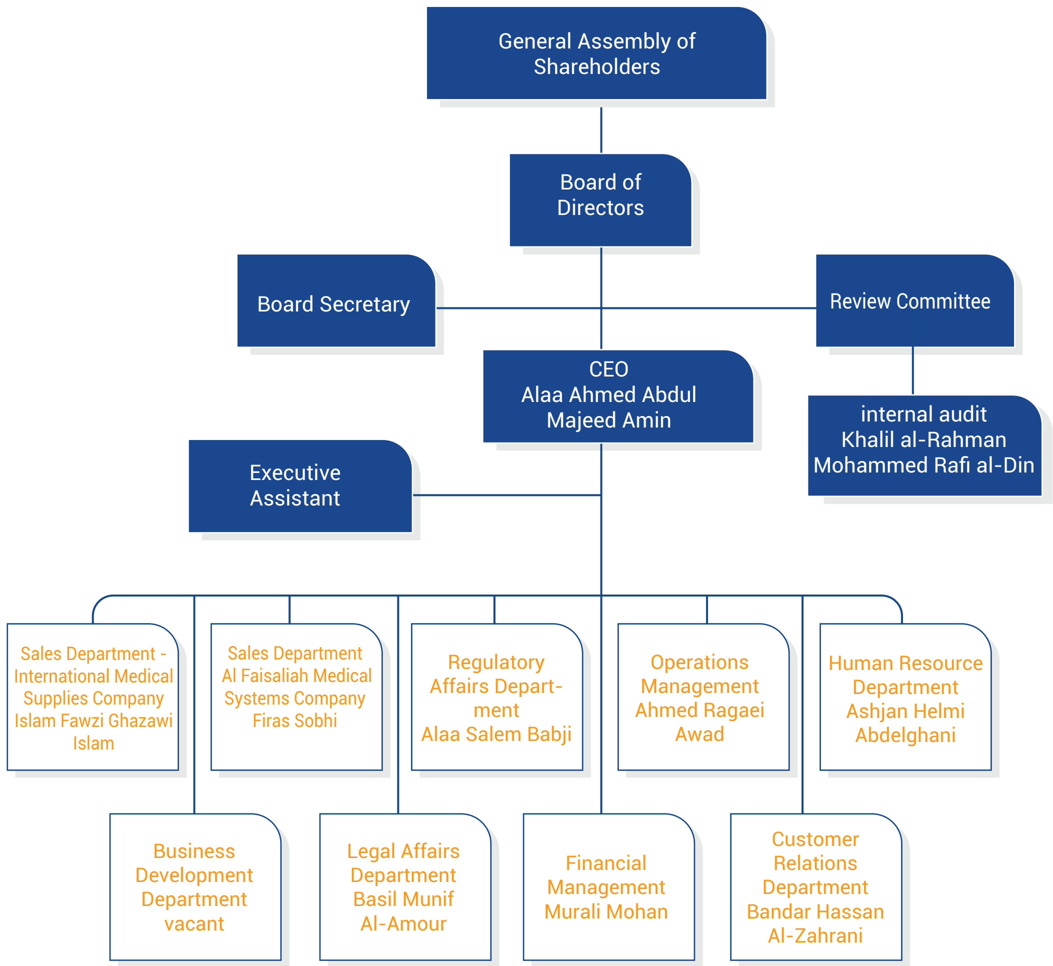
Bassel Mounif El Ammoury

Current Positio
- Legal Director at Arabian International Healthcare Company

Previous Posts and Experiences
- Legal Adviser and Senior Contract Officer, Nesma & Partners Contracting Co. Ltd., Riyadh, 2014 to 2019.
- Legal Adviser, Mohammed Al-Jarbou ' Law Firm, Riyadh, from 201l G to 2014.

Academic Qualifications
- He holds a bachelor's degree in Law, Lebanese University, Lebanon, 2011.

Management Structure of TIBBIYAH



The number of employees in the Arabian International Healthcare Holding Company reached 328 employees

Performance Indicators

Total Revenue
SAR **618.5** Million in 2021
24.4% decrease compared to 2020

Gross Profit Margin
SAR **143.5** Million in 2021
27.7% decrease compared to 2020

Net Profit
SAR **82.3** Million in 2021
14.1% decrease compared to 2020

Working Capital
SAR **403.5** Million in 2021
SAR 30.2 Million compared to 2020

Debt/Equity Ratio
0.82 Debt Equity Share Ratio in 2021
Improved 0.15pt compared to 2020

Management Discussion and Analysis

In 2021, the revenue decreased by 24.4% to SAR 618.5 million. Revenue for 2020 was inclusive of SAR 257 million of COVID related equipment's sales (versus SAR 28 million of such sales in 2021); and hence after adjusting for this pandemic related demand, the 2021 revenue was still at growth over the previous year. The consumables business grew by 9% in 2021 over the previous year while the equipment business witnessed a decrease due to the exceptional COVID revenue mentioned above.

While the 2021 revenue decreased versus the previous year, TIBBIYAH was able to minimize the impact on the net income as attested by the improvement of the net income to revenue ratio from 12% in 2020 to 13% in 2021. This was achieved mainly by way of optimizing the operating expenses, reducing the need for provisions by efficient accounts receivable management and reduced interest and zakat expenses. TIBBIYAH will continue to focus on optimizing its working capital going forward.

The total current assets reduced by 23% from SAR 1,243.6 million as of December 31, 2020 down to SAR 959.5 million as of December 31, 2021 mainly driven by a 31% reduction in receivable due to the significant collection's efforts made during the year. The net cash generated from operating activities continued to be positive at 130M in 2021 despite material vendor payments becoming payable which were earlier extended due to the pandemic. The debt equity ratio improved to 0.82 in 2021 versus 0.98 the previous year due to improved working capital management which underlines TIBBIYAH's focus on diligent funding and resource allocation.

Our Story

TIBBIYAH Overview

Arabian International Healthcare Holding Company ("TIBBIYAH"), is a Saudi Joint Stock Company Established as Limited Liability Company in 1973, as one of Al-Faisaliah Group Companies. TIBBIYAH enjoys a leading position as one of the leading providers of integrated medical solutions to provide healthcare services and solutions in both the private and public sectors throughout the Kingdom of Saudi Arabia, through its headquarters in Riyadh, its subsidiaries and offices in Riyadh, Jeddah and Al-Khobar. This is done through three main sectors:

- Al-Faisaliah Medical Systems Company ("FMS") - equipment, integrated solutions and turnkey projects.
- Premma Health (International Medical Supplies Company) - Supplying medical devices and consumables.
- Philips Healthcare Saudi Arabia Ltd,

TIBBIYAH is unique in a successful work process, through which it has achieved many tangible achievements and successes, through an advanced work strategy. TIBBIYAH's strategy focuses on ongoing conduct of research and studies, as well as on market trends, customers desires and their evolving requirements, to provide them with the most advanced global technology in this field. TIBBIYAH's activities include providing integrated medical solutions of devices, machines and equipment, designing, implementing and managing health projects, starting from preparing medical sites to providing integrated medical solutions that include devices, machines and equipment, in addition to support services, medical programs, operation, maintenance and warranty, which basically gave it preference to implement a wide range of major projects in this field, with efficiency and competence.

TIBBIYAH's management endeavors also to attract the elite of qualified medical, health, technical and administrative talent, skills, and expertise, and to support and empower them in accordance with the most prestigious international management and operational practices. In addition, it is always to develop an integrated professional business environment, to enable it to support all its working teams with a wide range of services that enhance their performance and loyalty to the business and TIBBIYAH and guarantee them peace of mind, which enhances the stability of its human capital, being one of its success enablers and distinction in this sector in general.

The listing of TIBBIYAH in the Saudi Stock Exchange intended to take place on year 2022, is an ambitious step in the right direction, towards expanding its customer base and increasing its portfolio of projects, in line with TIBBIYAH's strategy of sustainable growth and development, to achieve the highest levels of satisfaction and interest and maximize profits for all current and future shareholders, with efficiency and success.

TIBBIYAH Vision

To develop the healthcare provision system in the Kingdom of Saudi Arabia in order to provide an extraordinary experience from prevention to treatment.

TIBBIYAH Mission

To contribute to improving the health and lives of the Saudi population by providing pioneer and innovative healthcare solutions that result in the best possible health outcomes.

TIBBIYAH Strategy

TIBBIYAH seeks to continue to be a provider of world-class integrated medical services and solutions, based on a business model that is efficient in all its aspects, and use its best endeavors to achieve sustainable growth aiming at developing TIBBIYAH's business and improving its competitiveness. TIBBIYAH works on achieving these objectives through developing the current business fields, utilizing growth opportunities in new fields via funded investments, establishing new partnerships, and availing a maximum level of acquisitions in the medical services sector. TIBBIYAH's strategy is pivoted on three main pillars:

Fostering and developing TIBBIYAH's main business:

- Maintaining the continuous development by providing the best integrated medical solutions and innovative healthcare technologies in the Kingdom.
- Expanding the provision of the best-in-class products and integrated solutions to the health sector.
- Paying attention to public relations and developing the relationship with the major customers with whom the Company is dealing.
- Expanding the coverage of additional therapeutic areas.
- Increasing the volume of TIBBIYAH's business with customers in the private sector.

Supporting the health sector transformation strategy in line with vision 2030:

- Participating effectively and substantially in public-private partnership initiatives in the health sector.
- Providing support services for these partnerships such as biomedical equipment management and maintenance services.
- Participating in the management of radiation diagnostic centers and laboratories in the public sector.
- Working on nationalizing the health field related industries by increasing the local component in health products and services.

Investment in health services and medical technology, including but not limited to:

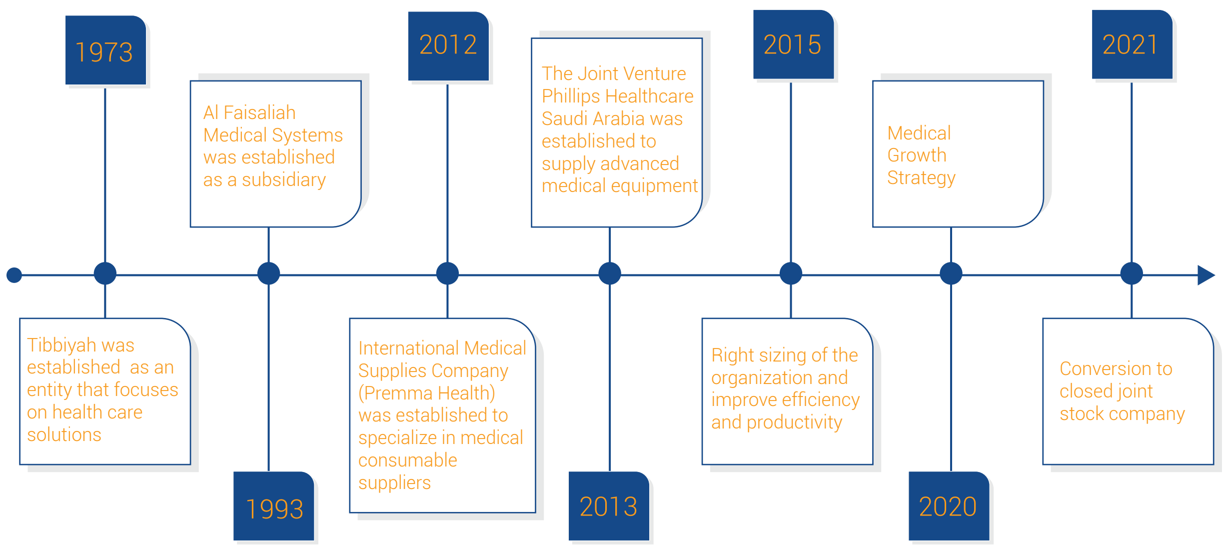
- Oncology centers in accordance with the highest international standards.
- Radiation diagnostic centers and laboratories in accordance with the latest scientific technologies.
- One day surgery centers of different specialties.
- Virtual healthcare platforms and telemedicine.

The Company's strengths and competitive advantages

The Company is one of the leading companies in providing integrated medical solutions in the Kingdom of Saudi Arabia through:

- The ability to provide various options of integrated medical solutions to meet the evolving needs of customers in the best value possible.
- An effective work team with extensive health experience, under the leadership of a distinct management team.
- A proven track record of achievements in carrying out major health projects in the Kingdom of Saudi Arabia.
- Providing logistic services and highly efficient supply chains.
- The preferred strategic partner for customers and major international suppliers.
- Excellence in the operational areas and business efficiency, which contributed to the creation of a distinct business feature

TIBBIYAH Milestones



Capital Structure

TIBBIYAH's Capital structure in the beginning of 2021

Partners	Number of Shares	Nominal Value per Share (SR)	Total Nominal Value of Shares (SR)	Ownership (%)
Advanced Drugs Company for Pharmaceutical	19,800,000	10	198,000,000	99.00%
Al Faisaliah Commercial Investment Company	200,000	10	2,000,000	1.00%
Total	20,000,000	-	200,000,000	100.00%

TIBBIYAH's Capital structure in the end of 2021

Partners	Number of Shares	Nominal Value per Share (SR)	Total Nominal Value of Shares (SR)	Ownership (%)
Advanced Drugs Company for Pharmaceutical	19,800,000	10	198,000,000	99.00%
Al Faisaliah Commercial Investment Company	200,000	10	2,000,000	1.00%
Total	20,000,000	-	200,000,000	100.00%

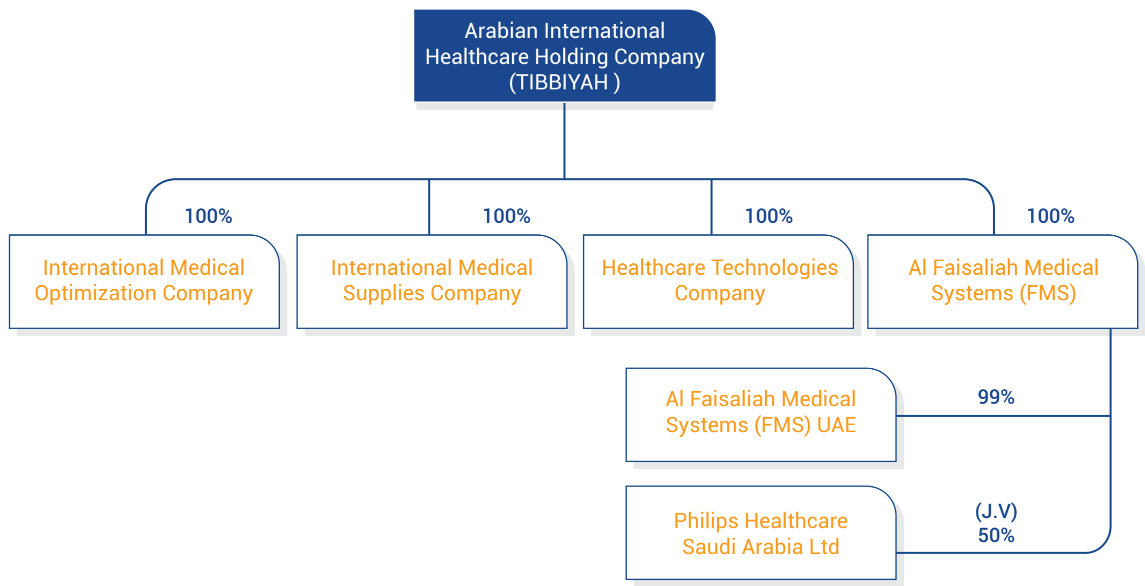
Scope of business and main activities

TIBBIYAH provides integrated medical solutions to healthcare providers in the health sector in the Kingdom of Saudi Arabia through its subsidiaries. Its activities include providing integrated medical solutions, encompassing devices, instruments, and equipment, designing, implementing, and managing health projects comprising furnishing medical sites, providing integrated medical solutions incorporating devices, instruments, and equipment, in addition to support services, medical programs, maintenance and warrantee. TIBBIYAH objectives, per its By-Laws, are as follows:

- Managing its subsidiaries or participating in the management and support of other companies in which it has shares.
- Investing its funds in shares and other securities.
- Owning movable and immovable properties necessary to carry out its activities.
- Owning, utilizing, and leasing industrial property rights including patents, commercial and industrial trademarks, privileges as well as other moral rights to its subsidiaries or other parties.
- Providing loans, warrantees, and financing to its subsidiaries

The Organization Structure for TIBBIYAH and its Subsidiaries

The Organization Structure of TIBBIYAH

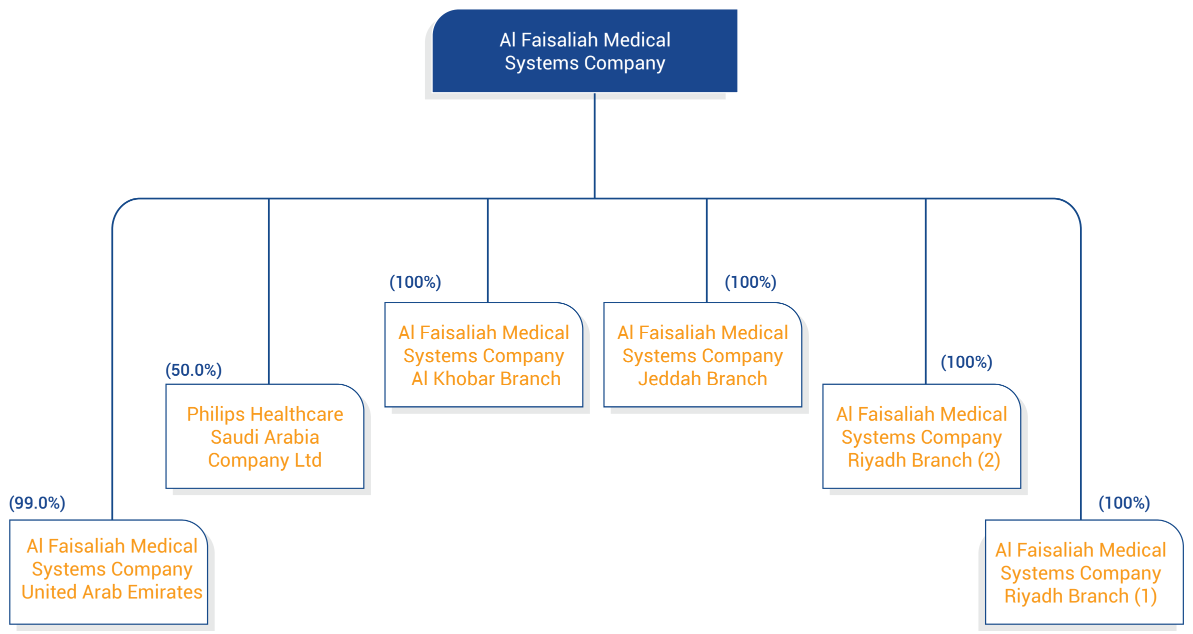


TIBBIYAH Subsidiaries

Firstly: AL Faisaliah Medical Systems Company

Al Faisaliah Medical Systems Company is a Limited Liability Company under commercial registration no. (1010162957) issued in Riyadh on 22/ 08/ 1421 H (corresponding to 20/ 11 / 2000). The capital of Al Faisaliah Medical Systems Company is one hundred million (100,000,000) Saudi Riyals divided into ten million (10,000,000) cash shares of equal value of ten (10) Saudi Riyals per share. The Company headquarters is located in Riyadh. The following figure shows the subsidiaries of Al Faisaliah Medical Systems Company and its branches and ownership ratios in its subsidiaries:

Al Faisaliah Medical Systems Organizational Structure



Ownership Structure of AL Faisaliah Medical Systems

Partner	No. of Shares	Share value (SAR)	Total Value of Shares (SAR)	Ownership (%)
Arabian International Healthcare Holding Company	10,000,000	10	10,000,000	100.00%
Total	10,000,000	-	10,000,000	100.00%

Company Activities and its branches

Name	Activities
AL-Faisaliah Medical Systems Company	Installation of radiology and medical equipment and devices: wholesale of pharmaceuticals, wholesale of perfumes, cosmetics, and cosmetic soap; retail sale of medical devices, equipment, and supplies; medical equipment and products stores; medical operation of medical complexes and day surgery centers
AL-Faisaliah Medical Systems Company - Riyadh Branch (1)	Managing and operating stores of medical equipment and products.
AL-Faisaliah Medical Systems Company - Riyadh Branch (2)	Extension of electrical wires, finishing of buildings and building maintenance services activities
AL-Faisaliah Medical Systems Company - Jeddah Branch	Wholesale and retail trade in medical, surgical, audio-visual devices and equipment, display devices, people with special needs, surgical and hospital supplies, laboratory reagents, software, medical systems, laboratory equipment, medical gas equipment, maintenance of medical devices and equipment, and analytical laboratory equipment.
AL-Faisaliah Medical Systems Company – Al Khobar Branch	Wholesale and retail trade in medical, surgical, audio-visual devices and machines, display devices and people with special needs.

1- AL Faisaliah Medical Systems Company - United Arab Emirates

AL Faisaliah Medical Systems Company - United Arab Emirates - is a Limited Liability Company under commercial registration no. (1026679) issued in Dubai on 29/03/l429H (corresponding to 06/04/2008). The capital of AL Faisaliah Medical Systems Company, UAE, is three hundred thousand (300,000) Arab Emirates Dirhams, divided into three hundred (300) cash shares of equal values of one thousand (1,000) AED per share. The Company headquarters is located in Dubai, United Arab Emirates.

The following table shows the ownership structure of Al Faisaliah Medical Systems- United Arab Emirates:

Partner	No. of Shares	Share value (AED)	Total Value of Shares (AED)	Ownership (%)
AL-Faisaliah Medical Systems Company	297	1,000	297,000	99.00%
AL Faisaliah Commercial Investment Company	3	1,000	3,000	1.00%
Total	300	-	300,000	100.00%

The activities of AL Faisaliah Medical Systems - United Arab Emirates - in accordance with its commercial registration include trading of scientific and Laboratory equipment and devices and trading of medical, therapeutic, and surgical instruments and supplies. It is worth mentioning that AL Faisaliah Medical Systems, United Arab Emirates - has neither existing business or activities nor has it entered into any business contracts or projects. Apart from the activities of AL Faisaliah Medical Systems - United Arab Emirates, the Medical Company has neither any commercial activity outside the kingdom nor has it any properties or assets outside the Kingdom as of to date.

2- Philips Healthcare Saudi Arabia Company, Ltd. - Joint Venture

Philips Healthcare Saudi Arabia Company Ltd. is a Limited Liability Company under commercial registration no. (1010365836), issued in Riyadh on 20/04/1434H (corresponding to 02/03/ 2013). The capital of Philips Healthcare Saudi Arabia Company Ltd. is forty million (40,000,000) Saudi Riyals divided into four million (4,000,000) cash shares of equal value of ten (10) Saudi Riyals per share. The Company headquarters is located in Riyadh

The main activity of Philips Healthcare Saudi Arabia Company Ltd. includes importing, selling, installing , repairing, and leasing medical devices and equipment and providing training services and technical support related to medical devices and equipment, information technology and software.

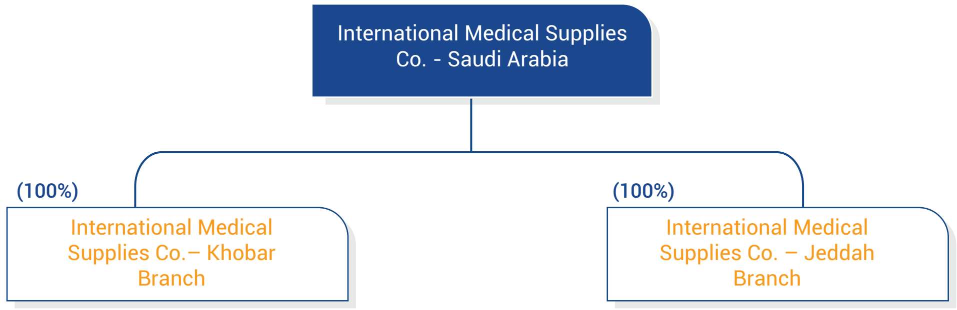
AL Faisaliah Medical Systems has concluded a Joint Venture agreement with Philips Medical Systems Netherland B V in Holland, under which Philips Healthcare Saudi Arabia Company Ltd. was established in the Kingdom of Saudi Arabia. The following table shows the Joint Venture structure in Philips Healthcare Saudi Arabia Company Ltd.

Investor	No. of Shares	Share value (SAR)	Total Value of Shares (SAR)	Investment (%)
AL-Faisaliah Medical Systems Company	2,000,000	10	20,000,000	50.00%
Philips Medical Systems Netherland B.V.	2,000,000	10	20,000,000	50.00%
Total	4,000,000	-	40,000,000	100.00%

Secondly: International Medical Supplies Company

International Medical Supplies Company is a Limited Liability Company under commercial register no. 1010337603) issued in Riyadh on 11/06/l433H, (corresponding to 02/05/2012). its capital is five hundred thousand (500,000) Saudi Riyals divided into fifty (50,000) thousand cash shares of equal value of ten (10) Saudi Riyals per share. The Company headquarters is located in Riyadh.

The following figure shows the branches of International Medical Supplies Company



Ownership Structure of International Medical Supplies Company

Partner	No. of Shares	Share value (SAR)	Total Value of Shares (SAR)	Investment (%)
Arabian International Healthcare Holding Company	50,000	-	500,000	100.00%
Total	50,000	-	500,000	100.00%

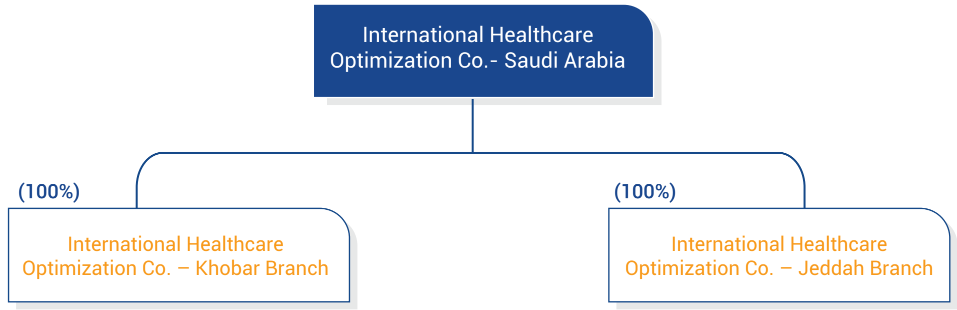
The following table shows the activities of International Medical Supplies Company and its branches in accordance to their Commercial Registrations.

Name	Activity
International Medical Supplies Company	Medical device and product stores, general medical complexes, medical clinics, medical operation of medical complexes and day surgery centers.
International Medical Supplies Company – Jeddah Branch	Import, export, wholesale and retail trade in medical instruments, devices, equipment, medical, surgical, audio-visual machines, display devices, people with special needs, surgical and hospital supplies, laboratory reagents, laboratory equipment, medical gas equipment, cosmetics, maintenance of medical devices, equipment and laboratory equipment.
International Medical Supplies Company – Al Khobar branch	Import, export, wholesale and retail trade in medical instruments, devices, equipment, medical and surgical instruments, audio-visual devices, display devices, people with special needs, surgical and hospital supplies, laboratory reagents, laboratory equipment, medical gas equipment, cosmetic supplies, maintenance of medical devices, medical equipment, analytical laboratory equipment, import, export and marketing services for others.

Third: International Healthcare Optimization Company

The International Healthcare Optimization Company is a Limited Liability Company with commercial registration no. 1010375223 issued in Riyadh on 09/07/l434H (corresponding to 18/05/2013). The Company capital is five hundred thousand (500,000) Saudi Riyals divided into fifty thousand (50,000) shares of equal value of ten (10) Saudi Riyals per share. The Company headquarters is located in Riyadh.

The following figure shows the branches of the International Healthcare Optimization Company. To date, the International Health Development Company does not have any existing business or activities, and it has not entered into any business contracts or commercial projects, and therefore does not have any revenues.



Ownership Structure of the International Healthcare Optimization Company

Partner	No. of Shares	Share value (SAR)	Total Value of Shares (SAR)	Investment (%)
Arabian International Medical Holding Company	50,000	10	500,000	100.00%
Total	50,000	-	500,000	100.00%

Activities of the International Healthcare Optimization Company and its branches

Name	Activity
International Healthcare Optimization Company	Maintenance of colleges, institutes, universities, training centers; maintenance of hospitals, medical complexes, clinics, health centers, advanced medical centers and organizations clinics, laboratories, advanced laboratories, advanced radiology centers and maintenance of biomedical equipment.
International Healthcare Optimization Company - Jeddah Branch	Equipping medical education houses including colleges, institutes, universities, and training centers; establishing owning and equipping hospitals, medical complexes, clinics, health centers, medical facilities , advanced medical centers, clinics, laboratories, advanced laboratories, advanced radiology centers, provision of biomedical equipment maintenance services and equipping hospitals and providing them with medical personnel
International Healthcare Optimization Company - Khobar Branch	Equipping medical education houses including colleges, institutes, universities, and training centers; establishing, owning, and equipping hospitals, medical complexes, clinics, health centers, medical facilities , advanced medical centers, clinics, laboratories, advanced laboratories, advanced radiology centers, and the provision of biomedical equipment maintenance services and equipping hospitals.

Fourth: Healthcare Technologies Company

Healthcare Technologies Company is a Limited Liability Company under commercial Registration no. (1010 211341), issued in Riyadh on 18/06/1426H (corresponding to 24/07/2005). The Company's capital is Five Hundred Thousands (500,000) Saudi Riyals divided into fifty thousand (50,000) cash shares of equal the value of ten (10) Saudi riyals per share. The Company headquarters is located in Riyadh. This Company does not have any existing business or activities, and it has not entered into any business contracts or commercial projects, and therefore does not have any revenues to date.

Branches of the Healthcare Technologies Company

Healthcare Technologies Company

- Healthcare Technologies Company Khobar Branch
- International Healthcare Development Company Jeddah Branch

Ownership structure of Healthcare Technologies Company

Partner	No. of Shares	Share value (SAR)	Total Value of Shares (SAR)	Investment (%)
Arabian International Healthcare Holding Company	50,000	10	500,000	100.00%
Total	50,000	-	500,000	100.00%

Activities of the Healthcare Technologies Company and its branches

Name	Activity
Healthcare Technologies Company	Building construction, systems analysis, design and programming of special software, software maintenance, web design, distribution, import, wholesale and retail trade in medical devices and products, and maintenance of hospitals and medical centers.
Healthcare Technologies Company - Jeddah Branch	Wholesale and retail trade in medical and surgical devices and machines, radiology, hospital supplies, chemicals, x-ray films, laboratory and consumable reagents for the human medicine and dentistry sector, veterinary devices, measurement, testing and calibration systems in analytical laboratories and in the field of environment, computer system programs and hardware and software maintenance.
Healthcare Technologies Company – Al Khobar Branch	Equipping hospitals, medical centers, specialized laboratories, medical and non-medical centers.

The Company applies a set of measures towards the environment in accordance with the relevant legislation

Sustainability and ESG

Sustainability

Arabian International Healthcare Holding Company ("TIBBIYAH") adopts the method of integrating the value of sustainability in all its activities in a way that contributes to meeting the legislative requirements of the business, and managing the risks associated with its business. It takes into account social, environmental and economic impacts, which include ethical values, occupational health and safety, sound work practices, employee and community rights, and environmental protection to be an ideal source of giving and work that is socially and commercially responsible, environmentally sustainable, fair and safe. While its responsibilities go beyond contractual performance and legislative compliance, TIBBIYAH maintains a sustainable business in the interest of its customers, partners, employees, and the local communities in which we operate by dedicating a culture of health, safety and clean environment management, in all our businesses, supply chains and partners.

Quality and Safety Management

TIBBIYAH is committed to strengthening its capabilities in the management of security and safety in all work environments and its various service facilities. TIBBIYAH is also making unremitting efforts to provide a sound and healthy professional environment for all its employees. It is committed to implementing an advanced occupational health and safety management system in order to provide a safe and healthy environment for all its employees. TIBBIYAH's safety and security department provides training and monitoring services while controlling procedures to ensure the implementation of an effective safety system by an experienced team in the field of security services, supported by the latest equipment, fixtures and relevant systems. In this context, TIBBIYAH, through its 2 subsidiaries in KSA, obtained several international certificates for compliance with international standards of health, safety and environment, such as:

Quality and Safety Department

Certified affiliate Company	Certificate No.	Certificate date	Certificate expiry
AL Faisaliah Medical Systems Company	(ISO 9001:2015)	29/03/2018	29/03/2024
AL Faisaliah Medical Systems Company	(ISO: 13485:2016)	30/11/2019	30/11/2021
AL Faisaliah Medical Systems Company	(EN ISO: 13485:2016)	30/11/2019	30/11/2021
International Medical Supplies Company	(ISO 9001:2015)	19/03/2015	07/11/2023

Environmental and Societal Relations Governance (ESG)

The board of directors of "TIBBIYAH" is committed to have TIBBIYAH carrying out all its activities and business in accordance with the principles and foundations that are consistent with TIBBIYAH's applicable values, taking into account the interests of society in general. The board is also aware of all the impacts resulting from TIBBIYAH's various activities and business, whether on employees, shareholders, society, other relevant stakeholders or the environment in which it operates, and adherence to the laws and regulations issued by the competent authorities. TIBBIYAH applies a set of measures towards the environment in accordance with the relevant legislation and strives to reduce pollutants that can be harmful to human health and the environment together. In addition to its serious interest in the principle of reducing energy consumption and carbon emissions harmful to the environment.

Governance of Environmental Relations

TIBBIYAH depends on strict professional standards to sustainably control its environmental practices and its commitment to each of the following:

- Compliance with environmental laws and regulations in all manufacturing and operational work environments.
- Setting standards, procedures, environmental management controls and maintain them, to ensure equal balance of environmental considerations with competitive priorities and other major commercial activities.
- Communicate with full transparency and clarity with staff, regulatory bodies, public and shareholders, on environmental issues and continuously improve them.

In addition to its commitment to the Environmental Management System, which is based on the following international principles and practices:

- Evaluation of environmental impact and conservation of biodiversity
- Managing the waste of the manufacturing and production operations that is harmful to the human beings and the environment
- Management of water treatment, air pollution and chemical waste
- Work on energy conservation.

Governance of Community Relationships

TIBBIYAH is keen to adopt responsible professional practices, through which it guarantees close cooperation with society and business leaders and ensure the support and development of community environments, through the following:

- Implementation of operations under the environmental management plan.
- Educate communities constantly on our operational activities and their impacts.
- Local development initiative within adjacent communities to create sustainable opportunities.
- Provide job opportunities for locals in production sites and factories.
- Prioritize local goods during procurement of materials for TIBBIYAH.

Risk Management and Business Continuity Policy

Effective risk management is essential to executing corporate strategies, creating sustainable shareholder value, protecting the brand, and ensuring good governance. The "Arabian International Healthcare Holding Company" is exposed to some risks due to the nature of its activity, as an entity operating in the field of health care. For this reason, TIBBIYAH applies best practices in managing and monitoring these risks through the Board of Directors, and works on a specialized risk management team based on developing strategies for preparedness, advance preparation and readiness to face risks and mitigate their effects.

The Board of Directors is also committed to adopting different risks that can object to the performance of the operational TIBBIYAH's subsidiaries with the highest standards of transparency, in an effort to spare the various business units with their various activities in TIBBIYAH any kind of risk.

TIBBIYAH's management pays attention to the risk management process as a means of identifying, assessing, prioritizing and mitigating risks, through its subsidiaries and each business unit, with a cost-effective, coordinated and effective application of resource in order to minimize the possibility or the impact of any negative effects, monitor and control them to achieve optimal use of opportunities. The risks are also effectively managed by TIBBIYAH through the effective application of various controls, including:

- The risk management framework approved by the board of directors.
- Documented policies and procedures.
- Maintaining records.
- Continuing observation of organizational obligations.
- Preparation of internal and external reports.

Risk Factors

The risks set out below are listed in an order that does not reflect their significance. Also, additional risks, including risks not currently known or considered immaterial at the present time, as follows:

1. Risks related to difficulty in hiring experienced staff in the healthcare sector
2. Credit risk
3. Liquidity risk
4. Risks related to reliance on suppliers
5. Risks related to standardizing the purchase of medicines, equipment and medical supplies
6. Risks related to the concentration of TIBBIYAH's revenue
7. Risk relating to Customer Concentration
8. Risks related to reliance on key persons
9. Risks related to current and future projects and their implementation
10. Risks related to the economic performance of the Kingdom
11. Risks related to political and economic instability in the Middle East
12. Risks to Growth Opportunities
13. Risks related to currency exchange rate fluctuations
14. Risks related to interest rate fluctuations

Consolidated Financial Statements

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Arabian International Healthcare Holding Company and its Subsidiaries

Opinion

We have audited the consolidated financial statements of **Arabian International Healthcare Holding Company ("the Company") and its subsidiaries ("the Group")**, which comprise of the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Key Audit Matter

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

Independent Auditor's Report

To the Shareholders of Arabian International Healthcare Holding Company (continued)

Revenue recognition

Refer Note 3.3 (C) to the consolidated financial statements for the accounting policy relating to revenue recognition and Note 5 to the consolidated financial statements for related disclosure.

Key audit matter	How the matter was addressed in our audit
During the year ended 31 December 2021, the Group recognized total revenue of SR 618,539,790 (2020: SR 818,689,016). The Group's sales arrangements are at a point in time and overtime. Sales of medical equipment with and without installation is recognized once goods are delivered which the customer must accept, hence, performance obligation at a point in time. Sale of maintenance services, commission and warranty service is recognised overtime because control is transferred as the customer receives the benefit. We have identified revenue recognition as a key audit matter because revenue is one of the Group's performance indicators giving rise to inherent risk that revenue could be subject to overstatement to meet targets and expectations. Furthermore, revenue recognition requires the below considerations: -the analysis of whether the contracts comprise one or more performance obligations -determining whether the performance obligations are satisfied over time or at a point in time	Our audit procedures to assess revenue recognition included the following: -Assessing the design and implementation, and tested the operating effectiveness of the Group's key internal controls on a sample basis which govern the revenue recognition process; -Evaluating the Group's revenue recognition policies; -Evaluating key contractual agreements with customers; -Testing on a sample of sales transactions closer to the year end to assess that revenue is recorded in the correct accounting period; -Testing a sample of credit notes for subsequent sales return; and -Considering the adequacy of the related disclosure in the Group's consolidated financial statements.

Independent Auditor's Report

To the Shareholders of Arabian International Healthcare Holding Company (continued)

Allowance for impairment on trade receivables

Refer Note 3.3 (O) to the consolidated financial statements for the accounting policy of Financial instruments and Note 18 to the consolidated financial statements for the related disclosure.

Key audit matter	How the matter was addressed in our audit
As at 31 December 2021, the carrying value of accounts receivable amounted to SR 660,872,573 (2020: SR 959,271,161) and the allowance for expected credit losses on such balance amounted to SR 31,267,362 (2020: SR 49,249,963). The Group's management has applied a simplified expected credit loss ("ECL") model to determine the allowance for impairment of accounts receivable. The ECL model involves the use of various assumptions covering macro-economic factors and study of historical trends all of which involves a significant degree of judgement. We have identified allowance for impairment on trade receivables a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model for the calculation of the allowance for expected credit losses. This is inherently subjective and requires significant management judgement, which increases risk of error or potential bias.	Our procedures to assess the allowance for impairment on trade receivables included the following: - Assessing the design and implementation of management's key controls relating to credit control, debt collection and estimation of credit losses; - Obtaining an understanding of the key practices and assumptions of the expected credit loss model adopted by management, including historical default rate and management's estimated loss rates; - Assessing the reasonableness of management's loss allowance estimate by examining the information used by management to form such judgements, including testing the accuracy of the historical default rate and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information; and - Inspecting, on a sample basis, cash receipts from customers subsequent to the financial year end relating to trade receivable balance as at 31 December 2021 with bank statement and relevant remittance documents;

Other Information

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

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

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

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

KPMG

Independent Auditor's Report

To the Shareholders of Arabian International Healthcare Holding Company (continued)

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

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

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

Those charged with governance, Board of Directors, are responsible for overseeing the Group's financial reporting process.

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

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

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

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

KPMG

Independent Auditor's Report

To the Shareholders of Arabian International Healthcare Holding Company (continued)

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG Professional Services

Fahad Mubark Aldossari
License No: 469

Al Riyadh: 10 Sha'aban 1443H
Corresponding to: 13 March 2022

Arabian International Healthcare Holding Company And Its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated Statement Of Financial Position
As at 31 December 2021

	Notes	31 December 2021 SR	31 December 2020 SR
ASSETS			
Non-current assets			
Property and equipment	13	**3,977,343**	5,838,953
Right-of-use assets	14	**10,874,221**	13,173,417
Intangible assets	15	**2,410,864**	274,678
Investment in a joint venture	16	**49,881,306**	46,385,903
Total non-current assets		**67,143,734**	65,672,951
Current assets			
Inventories, net	17	**191,940,425**	223,761,306
Trade receivables, net	18	**629,605,211**	910,021,198
Contract assets, net	19	**67,038,677**	36,584,207
Prepayments and other current assets	20	**52,375,104**	53,935,874
Amounts due from related parties	22	**7,485,913**	6,148,374
Cash and cash equivalents	21	**11,028,249**	13,110,271
Total current assets		**959,473,579**	1,243,561,230
TOTAL ASSETS		**1,026,617,313**	1,309,234,181
EQUITY AND LIABILITIES			
Equity			
Share capital	23	**200,000,000**	200,000,000
Statutory reserve	24	**18,060,420**	9,829,040
Retained earnings		**115,329,829**	122,613,221
Total equity		**333,390,249**	332,442,261
Non-current liabilities			
Employee defined benefit liabilities	25	**25,278,046**	26,844,276
Non-current portion of contract liabilities	26	**30,105,294**	30,517,468
Loans and borrowings	27	**75,000,000**	100,000,000
Non-current portion of lease liabilities	14	**6,824,742**	9,521,537
Total non-current liabilities		**137,208,082**	166,883,281
Current liabilities			
Trade and notes payables	28	**150,958,876**	282,483,539
Accrued expenses and other current liabilities	29	**130,071,532**	157,645,028
Amounts due to related parties	22	**2,105,655**	32,425,319
Current portion of contract liabilities	26	**57,421,164**	85,200,295
Current portion of lease liabilities	14	**4,037,468**	3,154,458
Loans and borrowings	27	**200,000,000**	225,000,000
Zakat payable	12	**11,424,287**	24,000,000
Total current liabilities		**556,018,982**	809,908,639
Total liabilities		**693,227,064**	976,791,920
TOTAL EQUITY AND LIABILITIES		**1,026,617,313**	1,309,234,181

These consolidated financial statements shown on pages 45 to 86 were approved by the Board of Directors on Thursday 07 Shaban 1443H (corresponding to 10 March 2022) and signed on their behalf by:

Ziad AlTunisi	**Alaa Ameen**	**Murali Mohan**
Chairman	Chief Executive Officer	Chief Financial Officer

Arabian International Healthcare Holding Company And Its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated Statement Of Profit Or Loss and Other Comprehensive Income
For the year ended 31 December 2021

	Notes	31 December 2021 SR	31 December 2020 SR
Revenue	5	**618,539,790**	818,689,016
Cost of revenue	6	**(475,021,322)**	(620,309,116)
GROSS PROFIT		**143,518,468**	198,379,900
Selling and marketing expenses	7	**(62,398,922)**	(65,589,984)
General and administrative expenses	8	**(28,561,301)**	(31,554,981)
Reversal / (impairment loss) on trade receivables	18	**17,538,643**	(2,950,000)
Share of profit of joint venture	16	**11,499,462**	8,157,007
Other income	9	**30,079,332**	46,422,212
Other expenses, net	10	**(4,568,990)**	(10,353,652)
OPERATING PROFIT		**107,106,692**	142,510,502
Finance charges	11	**(13,368,603)**	(22,720,098)
PROFIT BEFORE ZAKAT		**93,738,089**	119,790,404
Zakat	12	**(11,424,287)**	(24,000,000)
PROFIT FOR THE YEAR		**82,313,802**	95,790,404
OTHER COMPREHENSIVE INCOME			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement gain on employee defined benefit liabilities	25	**939,553**	1,223,854
Share of other comprehensive income of joint venture	16	**374,633**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**83,627,988**	97,014,258
EARNINGS PER SHARE			
Basic and diluted earnings per share	34	**4.1**	73.3

These consolidated financial statements shown on pages 45 to 86 were approved by the Board of Directors on Thursday 07 Shaban 1443H (corresponding to 10 March 2022) and signed on their behalf by:

Ziad AlTunisi	**Alaa Ameen**	**Murali Mohan**
Chairman	Chief Executive Officer	Chief Financial Officer

Arabian International Healthcare
Holding Company And Its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated Statement Of Changes In Equity
For the year ended 31 December 2021

	Capital SR	Additional contribution to capital SR	Statutory reserve SR	Retained earnings SR	Total SR
As at 1 January 2020	500,000	179,310,546	250,000	86,217,457	266,278,003
Profit for the year	--	--	--	95,790,404	95,790,404
Other comprehensive income	--	--	--	1,223,854	1,223,854
Total comprehensive income for the year	--	--	--	97,014,258	97,014,258
Transfer to statutory reserve	--	--	9,579,040	(9,579,040)	--
Increase in share capital	199,500,000	(179,310,546)	--	(20,189,454)	--
Dividends - (Note 35)	--	--	--	(30,850,000)	(30,850,000)
As at 31 December 2020	200,000,000	--	9,829,040	122,613,221	332,442,261
As at 1 January 2021	**200,000,000**	**-**	**9,829,040**	**122,613,221**	**332,442,261**
Profit for the year	**-**	**-**	**-**	**82,313,802**	**82,313,802**
Other comprehensive income	**-**	**-**	**-**	**1,314,186**	**1,314,186**
Total comprehensive income for the year	**-**	**-**	**-**	**83,627,988**	**83,627,988**
Transfer to statutory reserve	**-**	**-**	**8,231,380**	**(8,231,380)**	**-**
Dividends - (Note 35)	**-**	**-**	**-**	**(82,680,000)**	**(82,680,000)**
As at 31 December 2021	**200,000,000**	**-**	**18,060,420**	**115,329,829**	**333,390,249**

These consolidated financial statements shown on pages 45 to 86 were approved by the Board of Directors on Thursday 07 Shaban 1443H (corresponding to 10 March 2022) and signed on their behalf by:

Ziad AlTunisi	Alaa Ameen	Murali Mohan
Chairman	Chief Executive Officer	Chief Financial Officer

Arabian International Healthcare
Holding Company And Its Subsidiaries
(A Saudi Joint Stock Company)
Consolidated Statement Of Cash Flows
For the year ended 31 December 2021

	Notes	31 December 2021 SR	31 December 2020 SR
OPERATING ACTIVITIES			
Profit before zakat		**93,738,089**	119,790,404
Adjustments for:			
Provision for employee defined benefit liabilities	25	**4,091,131**	4,039,840
Depreciation of property and equipment	13	**3,161,078**	3,853,458
Depreciation of right of use assets	14	**3,476,033**	3,326,233
Charge for provision for obsolete and slow-moving inventories	17	**3,500,000**	2,573,915
Accrued interest for leases	13	**763,826**	880,554
Amortization of intangible assets	15	**597,314**	351,273
Gain on disposal of property and equipment		**-**	(438,579)
Share of profit of joint venture	16	**(11,499,462)**	(8,157,007)
(Reversal) / impairment loss on trade receivables	18	**(17,538,643)**	2,950,000
		80,289,366	129,170,091
Changes in operating assets and liabilities:			
Inventories		**28,320,881**	(20,622,697)
Trade receivables		**297,954,630**	(19,530,475)
Contract assets		**(30,454,470)**	73,913,928
Prepayments and other current assets		**1,560,770**	(5,150,917)
Due from related parties		**(1,337,539)**	(4,732,077)
Due to related parties		**(30,319,664)**	31,268,035
Trade payable and notes payables		**(131,524,663)**	12,144,538
Accrued expenses and other current liabilities		**(27,167,124)**	25,607,983
Contract liabilities		**(28,191,305)**	19,470,802
Cash generated from operations		**159,130,882**	241,539,211
Employee defined benefit liabilities paid	25	**(4,717,808)**	(3,176,074)
Zakat paid	12	**(24,000,000)**	(15,600,000)
Net cash generated from operating activities		**130,413,074**	222,763,137
INVESTING ACTIVITIES			
Purchase from disposal of property and equipment	13	**(1,299,468)**	(1,279,690)
Proceeds from disposal of property and equipment		**-**	683,321
Purchase of intangible assets	15	**(2,733,500)**	(153,371)
Dividend received from joint venture	16	**8,378,692**	7,329,122
Net cash from investing activities		**4,345,724**	6,579,382
FINANCING ACTIVITIES			
Repayment of short-term loans from Ultimate Parent Company, net		**(25,000,000)**	(296,000,000)
(Repayment) / proceeds from long-term loans from Parent Company, net		**(25,000,000)**	100,000,000
Payment of lease liabilities	14	**(4,160,820)**	(3,603,041)
Dividends paid		**(82,680,000)**	(30,850,000)
Net cash used in financing activities		**(136,840,820)**	(230,453,041)
DECREASE IN CASH AND CASH EQUIVALENTS		**(2,082,022)**	(1,110,522)
Cash and cash equivalents at beginning of the year	21	**13,110,271**	14,220,793
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**11,028,249**	13,110,271
NON-CASH TRANSACTIONS:			
Remeasurement gain on employee defined benefit liabilities	25	**939,553**	1,223,854
Addition in right of use asset	14	**1,234,434**	1,219,979
Increase in share capital		**-**	199,500,000
Share of other comprehensive income of joint venture		**374,633**	-

These consolidated financial statements shown on pages 45 to 86 were approved by the Board of Directors on Thursday 07 Shaban 1443H (corresponding to 10 March 2022) and signed on their behalf by:

Ziad AlTunisi	Alaa Ameen	Murali Mohan
Chairman	Chief Executive Officer	Chief Financial Officer

The accompanying notes 1 to 38 form an integral part of these consolidated financial statements.

1. ACTIVITIES

Arabian International Healthcare Holding Company (the "Company") (trading as Tibbiyah) is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010380429 dated 10 Sha'aban 1434H (corresponding to 19 June 2013).

The Company, hereinafter to referred as the Group, is engaged in the retail and wholesale trading of medical and surgical equipment and tools, artificial - handicapped systems, surgical operation's accessories, hospital supplies, medical systems and programs, lab chemical analysis systems, measurement, testing and scientific measurement systems, maintenance of medical and analytical lab systems and equipment.

The registered office of the Group is located at the following address:

Qurtubah District

Business Gate, Building No. 9

P.O. Box 62961

Riyadh 11595

Kingdom of Saudi Arabia

The subsidiaries included in these consolidated financial statements are as follows:

Subsidiary	Country of incorporation	Effective shareholding %
Al Faisaliah Medical Systems Company	Kingdom of Saudi Arabia	100*
International Medical Supplies Company	Kingdom of Saudi Arabia	100*
International Healthcare Optimization Company	Kingdom of Saudi Arabia	100*
Health Care Technologies Company	Kingdom of Saudi Arabia	100*

*1% shareholding is held by second shareholder (a subsidiary of the Ultimate Parent Company).

Arabian International Healthcare
Holding Company And Its Subsidiaries
(A Saudi Joint Stock Company)
Notes To The Consolidated Financial Statements
For the year ended 31 December 2021

1. ACTIVITIES (CONTINUED)

The Group has changed its status from a Limited Liability Company to a closed joint stock Company during the year with effect from 30th March 2021 through ministerial resolution. Subsequent to listing, the Group has changed the status from Closed Joint Stock Company to Saudi Joint Stock Company.

The Group's head office is located in Riyadh. The Group has following branches. The assets, liabilities and results of operations of the branches are included in these consolidated financial statements.

Branch location	C.R Number	Date
Jeddah	4030280314	13 Rabi Thani 1436H (corresponding to 2 February 2015)
Khobar	2051062515	17 Sha'aban 1437H (corresponding to 24 May 2016)
Jeddah	4030280313	13 Rabi Thani 1436H (corresponding to 2 February 2015)
Khobar	2051060081	22 Rabi Thani 1436H (corresponding to 11 February 2015)
Jeddah	4030280345	15 Rabi Thani 1436H (corresponding to 4 February 2015)
Khobar	2051060082	22 Rabi Thani 1436H (corresponding to 11 February 2015)
Jeddah	4030280342	15 Rabi Thani 1436H (corresponding to 4 February 2015)
Khobar	2051062516	17 Sha'aban 1437H (corresponding to 24 May 2016)

2. IMPACT OF COVID 19

The novel Coronavirus (COVID19) which was declared a pandemic by the World Health Organisation (WHO) in March 2020, continues to evolve. It is currently difficult to predict the full extent and duration of the impact of this pandemic on the business and the economy in which the Group operates. The extent and duration of the impact of the pandemic remains uncertain and depends on future developments (such as the transmission rate of the virus), which cannot be accurately predicted at this point in time.

The Group has taken containment steps that, as at 31 December 2021, have limited the adverse impact of the virus on the financial results of the Group. The Group does not expect future, significant and adverse impact on the going concern, the Group will continue to reassess its position and the related impact on regular basis.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred as "IFRS as endorsed in KSA").

The consolidated financial statements have been prepared on the historical cost basis except for the employee defined benefit liability, that are measured at present value using projected unit credit method as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The consolidated financial statements have been prepared using accrual basis of accounting and going concern concept.

The consolidated financial statements are presented in Saudi Riyals ("SR"), which is also the Group's functional currency, and is rounded to nearest SR unless otherwise indicated.

3.2. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (as listed in note 1 above) (collectively, the "Group").

Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2. Basis of consolidation (CONTINUED)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3. Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements. These are consistent with the prior periods.

(a) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets as non-current.

A liability is classified as current when:

- It is expected to be settled in the 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 Group classifies all other liabilities as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(b) 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 Group.

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 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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the level 2 of the fair value hierarchy in which is the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

(c) Revenue Recognition

The Group recognizes revenue from the sale of goods, both with and without installation, construction of civil works, the sale of warranties and the sale of maintenance contracts. Revenue is measured based on the consideration specified in a contract with a customer net of returns and allowances, trade discounts and volume rebates and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The specific recognition criteria described below must also be met before revenue is recognized.

1. Sales of goods

Revenue from the sale of goods is recognized when at a point in time when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery) and duly received and accepted by the customer. Revenue from the installation of goods is recognized at a point in time once the installation has been performed and accepted by the customer. A receivable is recognized by the Group when the performance obligation is satisfied in full and the right to consideration becomes unconditional, as only the passage of time is required before payment is due. The Group also considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(c) Revenue Recognition (CONTINUED)

2. Revenue on civil works

The Group performs civil works under long-term contracts with customers. Such contracts are entered into before construction of the civil work begins. Revenue from civil works is recognized over time on a percentage of completion method i.e. based on the proportion of work completed to the estimated total scope of work mentioned in the contract. The Group considers that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

3. Sale of warranty

Sales-related warranties, associated with goods which cannot be purchased separately, serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Revenue is recognized overtime over the period in which the service-type warranty is provided based on the time elapsed. The management consider that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

4. Revenue on maintenance contracts

Maintenance contracts with customers require that the Group maintains a specified piece of equipment at specific time intervals. Revenue is recognized overtime when such time period elapses, and the service is rendered to the customer. The Group considers that this method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

Under the Group's standard contract terms, customers have a right of return. No refund liability has been raised given the historically insignificant level of returns of goods. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent low levels of returns over previous years.

(d) Trade receivables

Trade receivable represents the Group'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 section 3.3(O) for further details.

(e) Contract assets and contract liabilities

Contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(e) Contract assets and contract liabilities (CONTINUED)

Contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(f) Leases

The Group 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

1. Right-of-use assets

The Group 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.

If ownership of the leased asset transfers to the Group 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 to the accounting policies in section (L) Impairment of tangible and intangible assets.

2. Lease liabilities

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(f) Leases (CONTINUED)

In calculating the present value of lease payments, the Group 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 or a change in the assessment of an option to purchase the underlying asset.

(g) Employee benefits

1. Employee defined benefit liabilities

The employee defined benefit liability is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurements

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items.

2. Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, air tickets and sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

(h) Zakat

Zakat was calculated and provided for by the Al Faisaliah Group Holding Company (the "Ultimate Parent Company") and its effectively wholly-owned subsidiaries in accordance with Saudi Arabian fiscal regulations. However, during the year, Zakat is calculated separately from the Ultimate Parent Company as the Group is in the process of being listed on Nomu. Zakat is computed on the higher of the zakat base or adjusted net income. Zakat is calculated using rates that have been substantively enacted at the reporting date in the consolidated statement of profit or loss and other comprehensive income. Any difference in the estimate is recorded when the final assessment is approved, at which time the amount provided for is cleared.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(i) VAT

The Company is subject to a VAT on a monthly basis. It is paid and settled through the monthly statements submitted by the Group to the Zakat, Tax and Customs Authority "ZATCA".

(j) Property and equipment

Property and equipment, except land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Land and capital work-in-progress are stated at cost less impairment in value, if any.

Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

Following are the useful life used to calculate depreciation for all periods presented in these consolidated financial statements:

Leasehold improvements	7 years or the lease term whichever is shorter
Machinery and tools	3 to 10 years
Furniture and fixtures	5 years
Office equipment	6 to 7 years
Computer hardware	3 years
Motor vehicles	4 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

(k) Intangible assets

Intangible assets, other than goodwill, with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. The cost of intangible assets acquired in a business combination is their fair value at the effective date of the business combination. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(k) Intangible assets (CONTINUED)

The Group applies an annual rate of amortization ranging from 14.3% to 20% to its software. Distributor license fees are amortized over the period of the underlying legal agreement.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

(l) Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets that have indefinite useful life are tested annually for impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(m) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on the weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(n) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Group unless otherwise stated and have original maturities of three months or less, and are subject to insignificant risk of changes in values.

(o) Financial Instruments - initial recognition and subsequent measurement

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.

1. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value net of directly attributable transaction costs.

The Group's financial assets at amortised cost includes trade receivables, contract assets and amounts due from related parties.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined.

In order for a financial asset to be classified and measured at amortised cost, 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 Group'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.

Subsequent measurement

The Group 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 rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(o) Financial Instruments - initial recognition and subsequent measurement (CONTINUED)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group 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 Group 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.

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 receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(o) Financial Instruments - initial recognition and subsequent measurement (CONTINUED)

2. Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, short-term loans from Ultimate Parent Company, contract liabilities and amounts due to related parties which are subsequently measured at amortised cost.

Subsequent measurement

After initial recognition, all financial liabilities, including the short-term loans from Ultimate Parent Company are measured at amortised cost. In case of long-term interest-bearing loans, EIR method will be applied.

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 consolidated statement of profit or loss and other comprehensive income.

3. Offsetting of financial instruments

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

(p) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rate at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(q) Dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the bye-laws of the Company, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(r) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(s) Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture.

When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(s) Investment in joint venture (CONTINUED)

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of profit or loss and other comprehensive income in the period in which the investment is acquired. The requirements of IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Summary of significant accounting policies (CONTINUED)

(t) Trade payables and other liabilities

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. No interest charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

(u) Expenses

Selling and marketing expenses are those arising from the Group's efforts underlying the marketing and selling functions. All other expenses, excluding cost of sales and finance cost, are classified as general and administrative expenses. Allocations of common expenses between cost of sales, selling and marketing, and general and administrative expenses, when required, are made on a consistent basis.

(v) Operating segment

An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- results of whose operations are continuously analysed by management in order to make decisions related to resource allocation and performance assessment; and
- for which discrete financial information is available.

The Group's operating business are organized and managed separately according to the nature of the services provided with each segment representing a strategic business unit that offers different products to its respective market.

For management purpose, the Group is organised into two segments, as described below:

- Project based business
- Consumable business

A geographical segment is a group of assets, operations or entities engaged in revenue producing activities within a particular economic environment that are subject to risks and returns different from those operating in other economic environments. The Group only operates in KSA and accordingly has no geographical segment.

(w) Earnings per share

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

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible debt instruments and share options granted to employees, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4. Changes in accounting policies and disclosures

3.4.1. New standards, interpretations and amendments adopted by the Company

The accounting policies applied by the Group in preparing the financial statements are consistent with those followed in preparing the annual financial statements of the Group for the year ended 31 December 2020, except for the adoption of the new standards which are effective on I January 2021 and have no material effect on these financial statements.

Effective from	New standards and amendments
I June 2020	(Covid-19) rental concessions (amendment to IFRS 16)
I January 2021	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Following are the standards and amendments that were issued but not yet effective. The Company does not expect to have a material impact on the financial statements if the below standards and amendments are adopted.

3.4.2. Standards issued but not adopted

1 April 2021	Covid-19 Related rent concessions beyond 30 June 2021 (Amendment to IFRS 16)
1 January 2022	Onerous Contracts -Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to International Financial Reporting Standards 2018- 2020
	Property, Plant and Equipment: Proceeds before intended use (Amendments lo IAS 16)
	Refer to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
	IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts
	Disclosure of Accounting Policies (Amendments to International Accounting Standards No. 1 and Practice Statement IFRS No. 2
	Definition of Accounting Estimates (Amendments to IAS 8)
	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption / effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of trade receivables and contract assets

An estimate of the provision for ECL is calculated in accordance with the accounting policy detailed in note 3.3 (O) to the consolidated financial statements.

At the reporting date, gross trade receivables were SR 660.9 million (2020: SR 959.3 million) with SR 31.3 million (2020: SR 49.2 million) being allowance for ECL. Moreover, contract assets at the reporting date were SR 69.6 million (2020: SR 39.2 million) with SR 2.6 million (2020: SR 2.6 million) being provided for ECL. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in profit or loss.

For ECL on trade receivables and contract assets, the Group has divided its trade receivable and contract assets in two broad categories, private customers and government/government controlled entities ("Government customers").

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable/contract asset progressing through successive stages of delinquency to write-off.

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product growth.

For trade receivable and contract assets from Government customers, the Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions.

Useful lives and residual values of property and equipment and intangible assets

An estimate of the useful lives and residual values of property and equipment and intangible assets is made for the purposes of calculating depreciation and amortization respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

Employee defined benefit liabilities

Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs. These estimates have been disclosed in note 25 to the consolidated financial statements.

5. REVENUE

	31 December 2021 SR	31 December 2020 SR
Timing of revenue recognition		
At a point in time		
Revenue from delivery of goods	**524,011,830**	714,290,567
Over time		
Revenue from rendering of services and civil works	**84,494,516**	95,335,718
Revenue from warranties	**10,033,444**	9,062,731
	618,539,790	818,689,016

Seasonal nature of operations

Due to the seasonal nature of the operations of the medical devices segment, higher revenues and operating profits are usually expected in the last quarter of the year in comparison to the first nine months. In the financial year ended 31 December 2021, 58% (2020: 56%) of revenues accumulated in the first nine months of the year, with 42% (2020: 44%) accumulating in the last three months.

6. COST OF REVENUE

	2021 SR	2020 SR
Material cost	**453,507,911**	597,253,540
Salaries and other employee related costs	**15,877,813**	17,767,670
Provision for slow-moving inventory	**3,500,000**	2,661,502
Travel expense	**1,744,690**	1,706,818
Others	**390,908**	919,586
	475,021,322	620,309,116

7. SELLING AND MARKETING EXPENSES

	2021 SR	2020 SR
Salaries and other employee related costs	**45,273,011**	48,008,142
Depreciation and amortization	**4,557,361**	4,967,524
Travel	**4,445,273**	4,550,956
Communication and information technology	**3,162,999**	3,039,872
Marketing, advertising and promotion	**267,136**	1,391,821
Others	**4,693,142**	3,631,669
	62,398,922	65,589,984

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2021 SR	2020 SR
Salaries and other employee related costs	**19,584,498**	22,192,629
Legal and professional charges	**3,340,101**	3,000,309
Depreciation and amortization	**2,587,725**	2,486,789
Communication and information technology	**2,259,599**	2,220,657
Utilities and rent expense	**473,495**	1,274,988
Travelling and transportation expense	**315,883**	379,609
	28,561,301	31,554,981

9. OTHER INCOME

	2021 SR	2020 SR
Income from termination of an arrangement*	**14,626,755**	34,129,095
Royalty income from joint venture	**12,882,241**	11,332,147
Other income	**2,570,336**	960,970
	30,079,332	46,422,212

*During August 2020, the Company entered into an agreement to terminate an arrangement with one of its suppliers who resolved to set up their own entity in the Kingdom of Saudi Arabia. Partial settlement was received in prior year and complete settlement has been received in the current year.

10. OTHER EXPENSES, NET

	2021 SR	2020 SR
Bank charges	**3,604,806**	5,761,163
Other expenses, net	**850,273**	1,425,949
Foreign exchange losses	**113,911**	1,360,124
Provision for supplier balances	**-**	2,244,995
Gain on sale of property and equipment	**-**	(438,579)
	4,568,990	10,353,652

11. FINANCIAL CHARGES

	2021 SR	2020 SR
Interest on loan	**12,234,958**	21,282,341
Interest on lease	**763,826**	880,554
Other charges	**369,819**	557,203
	13,368,603	22,720,098

12. ZAKAT

12.1. Charge for the year

Previously, the Ultimate Parent Company filed consolidated return on behalf of the Group. However, the management applied for a separate registration number during the year and received approval dated 13 February 2022 under registration number 3000460867. Consequently, the Group will file a separate Zakat return from the Ultimate Parent Company.

12.2. Movement of provision for zakat

	2021 SR	2020 SR
At the beginning of the year	**24,000,000**	15,600,000
Charge for the year	**11,424,287**	24,000,000
Extinguished via payment to the Ultimate Parent Company (note 12.3)	**(24,000,000)**	(15,600,000)
At end of the year	**11,424,287**	24,000,000

12.3. Zakat status

The Group is effectively a wholly owned subsidiary of the Ultimate Parent Company. The Ultimate Parent Company accounted for and settled the zakat liability on the basis of its consolidated financial statements up to the prior year.

The Ultimate Parent Company has filed the zakat returns to the ZATCA for all previous years up to 2020. Final zakat assessments have been agreed with the ZATCA for all years up to 2016.

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13. PROPERTY AND EQUIPMENT

	Leasehold improvements SR	Machinery And tools SR	Furniture and fixtures SR	Office equipment SR	Computer hardware SR	Motor Vehicles SR	Total SR
Cost:							
As at 1 January 2021	6,210,108	17,146,655	3,692,324	1,090,853	2,747,225	3,181,393	**34,068,558**
Additions	44,090	460,622	116,614	168,342	211,600	298,200	**1,299,468**
As at 31 December 2021	6,254,198	17,607,277	3,808,938	1,259,195	2,958,825	3,479,593	**35,368,026**
Accumulated Depreciation:							
As at 1 January 2021	4,345,651	15,194,445	3,184,120	722,064	2,536,473	2,246,852	**28,229,605**
Charge for the year	713,939	1,490,762	144,900	98,294	164,833	548,350	**3,161,078**
As at 31 December 2021	5,059,590	16,685,207	3,329,020	820,358	2,701,306	2,795,202	**31,390,683**
Net book value:							
As at 31 December 2021	**1,194,608**	**922,070**	**479,918**	**438,837**	**257,519**	**684,391**	**3,977,343**

	Leasehold improvements SR	Machinery And tools SR	Furniture and fixtures SR	Offic equipment SR	Computer hardware SR	Motor Vehicles SR	Total SR
Cost:							
As at 1 January 2020	5,819,373	17,569,542	3,308,482	935,112	2,629,990	3,181,393	33,443,892
Additions	390,735	232,137	383,842	155,741	117,235	--	1,279,690
Disposal	--	(655,024)	--	--	--	--	(655,024)
As at 31 December 2020	6,210,108	17,146,655	3,692,324	1,090,853	2,747,225	3,181,393	34,068,558
Accumulated Depreciation:							
As at 1 January 2020	3,645,918	13,303,514	3,089,014	646,567	2,391,338	1,710,078	24,786,429
Charge for the year	699,733	2,301,213	95,106	75,497	145,135	536,774	3,853,458
Relating to disposals	--	(410,282)	--	--	--	--	(410,282)
As at 31 December 2020	4,345,651	15,194,445	3,184,120	722,064	2,536,473	2,246,852	28,229,605
Net book value:							
As at 31 December 2020	1,864,457	1,952,210	508,204	368,789	210,752	934,541	5,838,953

13.1. Depreciation expense is allocated as follows:

Allocation of depreciation expense	Note	31 December 2021	31 December 2020
Cost of sales		**77,090**	81,546
Selling and marketing expenses	7	**2,394,066**	3,150,330
General and administrative expenses	8	**689,922**	621,582
		3,161,078	3,853,458

14. LEASES

The Group has lease contracts for building used in its operations. Information about assets for which the Group is a lessee is presented below:

	Right of use 2021 SR	Right of use 2020 SR
Cost:		
As at 1 January	**18,602,732**	18,409,172
Additions during the year	**1,234,434**	1,219,979
Derecognition of right-of-use assets	**(86,475)**	(1,026,419)
As at 31 December	**19,750,691**	18,602,732
Depreciation:		
As at 1 January	**5,429,315**	3,129,501
Charge for the year	**3,476,033**	3,326,233
Derecognition of right-of-use assets	**(28,878)**	(1,026,419)
As at 31 December	**8,876,470**	5,429,315
Net book value:		
At 31 December	**10,874,221**	13,173,417

Allocation of depreciation expense	Note	31 December 2021	31 December 2020
Cost of sales		**-**	-
Selling and marketing expenses	7	**1,591,694**	1,461,410
General and administrative expenses	8	**1,884,339**	1,864,823
		3,476,033	3,326,233

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021 SR	2020 SR
As at 1 January	**12,675,995**	14,178,503
Additions during the year	**1,642,526**	1,219,979
Derecognition of lease liability	**(59,317)**	-
Accrued interest	**763,826**	880,554
Payments during the year	**(4,160,820)**	(3,603,041)
As at 31 December	**10,862,210**	12,675,995
Non-current portion	**6,824,742**	9,521,537
Current portion	**4,037,468**	3,154,458

14. LEASES (CONTINUED)

Amounts recognized in statement of profit or loss and other comprehensive income:

	2021	2020
Interest on lease liabilities	**763,826**	880,554
Expenses relating to short term leases	**86,498**	551,383

Amounts recognized in statement of cash flows

	2021	2020
Total cash outflow for leases	**4,160,820**	3,603,041

Following is the maturity analysis of leases:

	2021 SAR	2020 SAR
Minimum lease payments		
Not later than one year	**4,070,820**	4,170,820
Later than one year and not later than five years	**7,705,280**	11,776,100
More than five years	**-**	-
	11,776,100	15,946,920
Less: future finance charges	**(913,890)**	(3,270,925)
Present value of minimum lease payments	**10,862,210**	12,675,995

15. INTANGIBLE ASSETS

	Distribution rights SR	Software SR	Brands SR	Total SR
Cost:				
As at 1 January 2021	351,633	21,857,500	1,645,600	23,854,733
Additions	2,500,000	233,500	-	2,733,500
As at 31 December 2021	2,851,633	22,091,000	1,645,600	26,588,233
Accumulated amortization:				
As at 1 January 2021	351,633	21,582,822	1,645,600	23,580,055
Charge for the year	488,585	108,729	-	597,314
As at 31 December 2021	840,218	21,691,551	1,645,600	24,177,369
Net book value:				
At 31 December 2021	2,011,415	399,449	-	2,410,864

15. INTANGIBLE ASSETS (CONTINUED)

	Distribution rights SR	Software SR	Brands SR	Total SR
Cost:				
As at 1 January 2020	351,633	21,704,129	1,645,600	23,701,362
Additions	--	153,371	--	153,371
As at 31 December 2020	351,633	21,857,500	1,645,600	23,854,733
Accumulated amortization:				
As at 1 January 2020	351,633	21,231,549	1,645,600	23,228,782
Charge for the year	--	351,273	--	351,273
As at 31 December 2020	351,633	21,582,822	1,645,600	23,580,055
Net book value:				
At 31 December 2020	--	274,678	--	274,678

16. INVESTMENT IN A JOINT VENTURE

The investment in a joint venture pertains to a 50% holding in Philips Healthcare Saudi Araba Limited (the "Joint Venture"), which is incorporated in the Kingdom of Saudi Arabia.

The principal activities of the Joint Venture are importing, installing, repairing and leasing of medical devices and equipment, providing training services and technical support related to the medical devices and equipment, information technology and software. The Joint Venture is accounted for using the equity method in these consolidated financial statements.

Summarized below are the financial information in respect of the Group's share in the Joint Venture. The summarized financial information below represents amounts shown in the Joint Venture's financial statements prepared in accordance with IFRS for SMEs as endorsed in Kingdom of Saudi Arabia.

	2021 SR	2020 SR
Current assets	**551,835,656**	483,122,063
Non-current assets	**19,353,550**	17,976,148
Current liabilities	**(360,973,180)**	(335,652,682)
Non-current liabilities	**(112,702,490)**	(76,233,416)
Net assets (100%)	**97,513,536**	89,212,113
Adjustments to net assets*	**2,249,076**	3,559,693
Adjusted net assets	**99,762,612**	92,771,806
Group's share in Joint Venture's net assets – 50% (2020: 50%)	**49,881,306**	46,385,903

*The adjustments to net assets pertain to zakat expense, income tax expense and financial reporting framework differences between the Group and Joint Venture to arrive at the base amount used for the calculation of the Group's share in the Joint Venture

16. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summary of the financial performance of the Joint Venture during the year ended 31 December are as follows:

	2021 SR	2020 SR
Revenue	**402,053,493**	331,759,832
Amended profit for the year	**30,328,717**	16,314,014
Group's share in Joint Venture's profit – 50% (2020: 50%)	**11,499,462**	8,157,007
Dividends from Joint Venture during the year	**8,378,692**	7,329,122

	2021 SR	2020 SR
As at 1 January	**46,385,903**	45,558,018
Share of profit of joint venture	**11,499,462**	8,157,007
Share of OCI of joint venture	**374,633**	-
Dividend received	**(8,378,692)**	(7,329,122)
Investment as at 31 Dec	**49,881,306**	46,385,903

17. INVENTORIES, NET

	2021 SR	2020 SR
Goods held for sale and in relation to projects in progress	**212,348,818**	239,998,381
Spare parts	**581,496**	614,526
Goods in transit	**280,617**	1,136,529
	213,210,931	241,749,436
Less: allowance for obsolete and slow-moving inventories	**(21,270,506)**	(17,988,130)
	191,940,425	223,761,306

	2021 SR	2020 SR
As at 1 January	**17,988,130**	16,458,155
Charge during the year	**3,500,000**	2,573,915
Written off during the year	**(217,624)**	(1,043,940)
As at 31 December	**21,270,506**	17,988,130

18. TRADE RECEIVABLES, NET

	2021 SR	2020 SR
Gross amount of trade receivables	660,872,573	959,271,161
Less: impairment loss for ECL (note 31.4)	(31,267,362)	(49,249,963)
Net trade receivables	629,605,211	910,021,198

The average credit period on sales of goods is 90 to 120 days. No interest is charged on outstanding trade receivables.

Set out below is the movement of the allowance for expected credit losses of trade receivables for the year ended 31 December:

	2021 SR	2020 SR
As at 1 January	49,249,693	46,644,783
(Reversal) / impairment during the year	(17,538,643)	2,950,000
Written off during the year	(443,688)	(345,090)
As at 31 December	31,267,362	49,249,693

19. CONTRACT ASSETS, NET

Amounts relating to contract assets are balances due from customers under various projects that arise when the Group performs services which have not been invoiced to the customer at the reporting date. These amounts will be transferred to trade receivables when they are invoiced to the customer.

	2021 SR	2020 SR
Gross contract assets	69,636,103	39,181,633
Less: impairment loss	(2,597,426)	(2,597,426)
Net contract assets	67,038,677	36,584,207

Set out below is the movement of the allowance for expected credit losses of contract assets for the year ended 31 December.

	2021 SR	2020 SR
As at 1 January	2,597,426	2,597,426
As at 31 December	2,597,426	2,597,426

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20. PREPAYMENTS AND OTHER CURRENT ASSETS

	2021 SR	2020 SR
Advances to suppliers	30,931,646	44,441,710
Claims receivable	16,357,696	3,471,586
Other receivables	3,805,487	3,909,653
Prepaid expenses	1,280,275	2,112,925
	52,375,104	53,935,874

21. CASH AND CASH EQUIVALENTS

	2021 SR	2020 SR
Cash at bank	11,018,249	13,100,271
Cash in hand	10,000	10,000
	11,028,249	13,110,271

22. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Company include its shareholder and their affiliated companies where the shareholder has control, joint control or significant influence. In the ordinary course of business, the Company enters into transactions with related parties, which are based on mutually agreed prices and contract terms approved by the management of the Group.

The following are the details of major related parties' transactions during the year and year end balances:

Related party	Nature of transactions	2021 SR	2020 SR
Ultimate Parent Company	Payments made to the Ultimate Parent Company	51,135,487	53,108,292
	Payment made by the Ultimate Parent Company on behalf of the Group	48,972,508	53,280,082
	Repayment of loans and borrowings	344,000,000	540,000,000
	Receipts of loans and borrowings	319,000,000	344,000,000
	Receipts for utilization of banking facility	-	26,045,339
Philips Healthcare Saudi Arabia Limited (Joint venture)	Royalty income	12,882,241	11,332,147
	Dividend received	11,381,189	7,329,122
	Payments made to related party	14,082,678	4,655,605
	Expenses paid on behalf of the Company	10,793,847	9,294,734
	Collections made from related party	14,705,898	295,656
	Income received on behalf of the Company	14,840,357	5,576,301

22. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Amounts due from and to related parties are as follows:

	2021 SR	2020 SR
Amounts due from related parties:		
Ultimate Parent Company	**2,070,808**	867,729
Philips Healthcare Saudi Arabia Limited (Joint venture)	**5,415,105**	5,280,645
	7,485,913	6,148,374
Amounts due to related parties:		
Ultimate Parent Company	**-**	27,030,833
Philips Healthcare Saudi Arabia Limited (Joint venture)	**2,105,655**	5,394,486
	2,105,655	32,425,319

The amounts outstanding with related parties are unsecured and will be settled in cash. No guarantees have been given or received. No amount has been expensed in the current year for bad or doubtful debts in respect of amounts owed by related parties. Compensation charged to key management personnel during the year, in the form of short-term benefits, was SR 11,882,978 (2020: SR 11,264,937) and in the form of post-employment benefits expense was SR 4,088,841 (2020: 3,883,863).

23. SHARE CAPITAL

	31 December 2021 SR	31 December 2020 SR
20,000,000 shares of SR 10 each	**200,000,000**	200,000,000

As at 31 December 2020, the share capital of the Company amounting to SR 200,000,000 is divided into

20,000,000 shares of SR 10 each and is owned by the following shareholders:

Shareholders	Number of Shares	Face Value of shares in SR	% of shareholding
Al Faisaliah Group Holding Company	19,800,000	198,000,000	99
Al Faisaliah Commercial Investment Company	200,000	2,000,000	1
	20,000,000	200,000,000	100

During the year, Ministry of Commerce approved the transfer of the shareholding of Al Faisaliah Group (99%) to Advanced Drug Company (99%) which is a subsidiary of Al Faisaliah Holding Company (The Ultimate Parent Company).

On 20 April 2021 (corresponding to 08 Ramadan 1442H), the Board of Directors of the Group has approved the plan for initial public offering (IPO) of the Group by offering 25% shares of the Group for initial public offering by submitting an application and registering the securities to the Nomu Parallel Market ("the Authority") and listing it through Saudi Stock Exchange ("Tadawul").

On 25 Jamada Al Awwal 1443H (corresponding to 29 December 2021, the Authority announced the approval to offer 5,000,000 shares for public subscription representing 25% of Group's shares.

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24. STATUTORY RESERVE

In accordance with the Saudi Arabian Regulations for Companies and the Company's byelaws, 10% of the profit for the year (after zakat) is required to be transferred to statutory reserve. The Group may resolve to discontinue such transfers when the reserve total 30% of capital. During the year, Group increased share capital of the Company and transferred 10% of the profit for the year to statutory reserve in accordance with the Saudi Arabian Regulations for Companies and the Company's byelaws. The reserve is not available for distribution as dividends.

25. EMPLOYEE DEFINED BENEFIT LIABILITIES

The Group grants employee defined benefit liabilities ("benefit plan") to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this benefit plan is a lump sum based on the employees' final salaries and allowances and their cumulative years of service at the date of termination of employment.

The benefit liability recognized in the consolidated statement of financial position in respect of the employee defined benefit liabilities is the present value of the defined benefit obligation at the reporting date. The most recent actuarial valuation was performed by an independent, qualified actuary using the projected unit credit method.

The movement of employee defined benefit liabilities for the year is as follows:

	2021 SR	2020 SR
At beginning of the year – present value of defined benefit obligation	**26,844,276**	27,204,364
Current service cost	**3,432,832**	3,170,262
Interest cost	**559,425**	869,578
Past service cost	**98,874**	--
Paid during the year	**(4,717,808)**	(3,176,074)
Actuarial gain during the year	**(939,553)**	(1,223,854)
At end of the year – present value of defined benefit obligation	**25,278,046**	26,844,276

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	2021 %	2020 %
Financial assumptions:		
Net discount rate (per annum)	**2.50**	2.35
Rate of salary increases (per annum)	**2.00**	2.00
Demographic assumptions:		
Retirement age	**60**	60

All movements in the employee defined benefit liabilities are recognized in consolidated statement of profit or loss and other comprehensive income. The actuarial loss / (gain) is recorded in the other comprehensive income.

25. EMPLOYEE DEFINED BENEFIT LIABILITIES (CONTINUED)

The sensitivity analysis presented below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. A positive amount represents an increase in the liability whilst a negative amount represents a decrease in the liability.

	2021 SR	2020 SR
Increase in discount rate of 1%	**(1,411,045)**	(1,205,379)
Decrease in discount rate of 1%	**3,182,955**	3,442,621
Increase in rate of salary of 1%	**3,169,955**	3,425,621
Decrease in rate of salary of 1%	**(1,387,045)**	(1,232,379)

26. CONTRACT LIABILITIES

	2021 SR	2020 SR
Advance from customers	**60,721,405**	81,047,336
Unearned warranty revenue	**26,805,053**	34,670,427
	87,526,458	115,717,763
Non-current portion	**30,105,294**	30,517,468
Current portion	**57,421,164**	85,200,295

27. LOANS AND BORROWINGS

	2021 SR	2020 SR
Current portion of loan from Ultimate Parent Company (Note 27.1)	**200,000,000**	225,000,000
Long term loan from Ultimate Parent Company (Note 27.2)	**75,000,000**	100,000,000
	275,000,000	325,000,000

27.1.

The Group has obtained unsecured short-term loans from Ultimate Parent Company to finance its working capital requirements and accrues special commission at agreed commercial rates payable on demand. These loans will be renewed by the Ultimate Parent Company, if required.

27.2.

The Group obtained long term loan of SR 100,000,000 in 2020 from ultimate parent Company. Loan amounting to SAR 25 million was paid during the year. The special commission on the loan is payable on quarterly basis with first installment payable on 28 April 2022 and last installment on 31 October 2025.

Special commission on the loans and borrowings from Ultimate Parent Company during 2021 is SR 12,234,958 (2020: SR 21,282,341). The special commission ranges from 3% to 5.6% on short term loans and 3% to 5.98% on long term loans.

28. TRADE AND NOTES PAYABLES

	2021 SR	2020 SR
Trade payable	**150,656,480**	258,049,997
Notes payable*	**302,396**	24,433,542
	150,958,876	282,483,539

*No interest is charged on trade payables. The Group has financial risk management policies disclosed in note 31 to the consolidated financial statements in place to ensure that all payables are paid within the credit timeframe.

29. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	2021 SR	2020 SR
Accrued expenses *	**116,667,968**	140,611,876
Accrued salaries and related expenses	**11,155,112**	15,919,188
Other payables	**2,248,452**	1,113,964
	130,071,532	157,645,028

*This includes an amount pertaining to customs legal case. During 2018, a legal case was filed against the Al Faisaliah Medical Systems Company Limited ("the Component") for an allegation of non-payment of custom duties to ZATCA (formerly named as GAZT) amounting to SR 30 million. The management confirms that all due custom amounts were already paid by the Component to ZATCA through its agent who might have not settled the amounts with ZATCA. The external legal counsel hired to represent the Component believes that the case is expected to be decided in favor of the Component. However, the Component management made a provision for this case of SR 7 million and SR 13 million for the year ended 31 December 2019 and 2018, respectively and will reassess the adequacy of the provision regularly until the case is closed.

30. COMMITMENTS AND CONTINGENCIES

30.1.

The Group has issued letters of guarantee through its banks amounting to SR 276 million (2020: SR 250 million) in the ordinary course of business.

30.2.

During the year, Al Faisaliah Medical Systems Company Limited ("the Component") received penalty from a customer amounting to SR 11.15 million due to delay in delivery of goods. However, the Component filed a claim with the customer who agreed that the delay was on account of civil works which was part of another contractor's (not the Component or the Group's subsidiaries) scope of work. The matter has been discussed with the Group's in-house legal counsel and the management believes that the recovery of the penalty amount is highly probable. Hence, the amount is disclosed as a contingent asset but not recorded in these financial statements.

31. RISK MANAGEMENT

31.1. Capital Management

The Group manages its capital to ensure it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of equity and debt comprising capital, statutory reserve, additional contribution to capital, retained earnings and loans from the Ultimate Parent Company.

31.2. Market Risk

The Group was exposed to market risk, in the form of foreign currency risk and interest rate risk as described below.

(a) Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Riyals during the year. As at the consolidated statement of financial position date, the Group does not have significant foreign currency exposure.

(b) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Group is subject to interest rate risk on its interest bearing liabilities. The Group does not hedge its exposure to movements in interest rates.

With all other variables held constant, the Group's profit before zakat is affected by a +/(-) 0.05% due to change in floating rate on borrowings for the year ended 31 December 2021. This will result in increase or decrease of SR 939,012 (2020: increase or decrease of SR 1,877,394).

31.3. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid within 90 to 120 days of the date of sale. Accounts payable are normally settled within 90 days of the date of purchase. The non-current contract liabilities consist of deferred warranty revenue expected to be amortised after 1 year subsequent to year end. All other financial liabilities mature within 1 year subsequent to date of consolidated statement of financial position.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows:

31. RISK MANAGEMENT (CONTINUED)

31.3. Liquidity Risk (CONTINUED)

31 December 2021 Details	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and notes payables	150,958,876	-	-	150,958,876
Lease liabilities	4,070,820	7,705,280	-	11,776,100

31 December 2020 Details	Within one year SR	One year to five years SR	Over five years SR	Total SR
Trade and other payables	282,483,539	-	-	282,483,539
Lease liabilities	4,170,820	11,776,100	-	15,946,920

31.4. Credit Risk

Credit is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivable balances.

The Group sells its products to a large number of Government and quasi-government customers which account for the majority of receivable balance at the end of the year. The Group performs credit-vetting procedures which are reviewed and updated on an ongoing basis before granting credit to its customers. The Group does not hold any significant collateral or other credit enhancements to cover its credit risks associated with its financial assets with respect to non-government customers.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue receivables and contract assets. Furthermore, the Group reviews the recoverable amount of each trade receivable and contract assets on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. As at 31 December 2021, trade receivables consist of a large number of customers, however, Ministry of Health accounts for 45% (2020: 37%) of the Group's trade receivables balance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults 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 Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group's credit exposure is primarily limited to its trade receivables and contract assets which is presented below and in notes 18 and 19, respectively. The credit risk on liquid balances is limited because the counterparties are banks with high credit-ratings.

31. RISK MANAGEMENT (CONTINUED)

31.4. Credit Risk (CONTINUED)

31 December 2021	Contract assets and trade receivables –past due						
	Not past due SR	0 – 90 days SR	91 – 180 days SR	181 – 270 days SR	271 – 360 days SR	Above 365 days SR	Total SR
Gross carrying amount	198,582,841	67,038,907	39,162,524	35,882,578	54,363,136	335,478,690	730,508,676
Lifetime ECL	(4,046,547)	(1,466,726)	(1,517,569)	(1,825,349)	(2,328,302)	(22,680,295)	(33,864,788)
Net carrying amount	194,536,294	65,572,181	37,644,955	34,057,229	52,034,834	312,798,395	696,643,888

31 December 2020	Contract assets and trade receivables –past due						
	Not past due SR	0 – 90 days SR	91 – 180 days SR	181 – 270 days SR	271 – 360 days SR	Above 365 days SR	Total SR
Gross carrying amount	269,416,986	90,237,369	45,914,461	41,121,075	160,861,489	390,901,414	998,452,794
Lifetime ECL	(1,545,868)	(2,182,408)	(890,575)	(3,562,884)	(1,647,078)	(42,018,576)	(51,847,389)
Net carrying amount	267,871,118	88,054,961	45,023,886	37,558,191	159,214,411	348,882,838	946,605,405

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments including trade receivables, contract assets, amounts due from related parties, cash and cash equivalents, short-term loans from the Ultimate Parent Company, trade payables, accrued expenses and other current liabilities, contract liabilities, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these financial instruments. The carrying amounts of these financial instruments are the reasonable approximation of their fair value. These are categorized within Level 2 of the fair value hierarchy.

During the current and prior year, there were no transfers between into/out of Level 2 of the fair value hierarchy.

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33. SEGMENT REPORTING

The Group's principal business activities involve sale of a broad line of medical goods and services. Selected financial information categorised by these business segments, is as follows:

Medical Devices	Sales of a broad line of branded Medical Devices
Medical Supplies	Sales of a broad line of branded Medical Consumables

	Medical Equipment	Medical Supplies	Other Activities	Total
	SR	SR	SR	SR
31 December 2021				
Revenue from external Customers	304,209,700	314,330,090	-	618,539,790
Depreciation and Amortisation	3,426,886	1,748,772	2,058,768	7,234,426
Profit for the period	44,772,835	37,540,967		82,313,802
Investment in joint venture	49,881,306	-	-	49,881,306
Other Total Assets	563,469,145	378,183,313	35,083,549	976,736,007
Total Liabilities	424,000,381	253,112,857	16,113,826	693,227,064

	Medical Equipment	Medical Supplies	Other Activities	Total
	SR	SR	SR	SR
31 December 2020				
Revenue from external Customers	534,573,447	284,115,569	-	818,689,016
Depreciation and Amortisation	3,668,307	1,836,106	2,026,551	7,530,964
Profit for the period	62,339,226	33,451,178	-	95,790,404
Investment in joint venture	46,385,903	-	-	46,385,903
Other Total Assets	870,885,520	375,595,558	16,367,200	1,262,848,278
Total Liabilities	718,460,821	238,774,475	19,556,624	976,791,920

34. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit for the period by the weighted average number of outstanding shares during the period. There were no potentially dilutive shares or options in the period, therefore no difference between the basic and the diluted earnings per share. Basic and diluted earnings (losses) per share are calculated as follows:

	2021 SR	2020 SR
Profit for the year	**82,313,802**	95,790,404
Weighted average number of outstanding shares during the period (Share)	**20,000,000**	1,307,000
Basic and diluted earnings per share	**4.1**	73.3

34. EARNINGS PER SHARE (CONTINUED)

	2021	2020
No of shares as at 1 January	**20,000,000**	50,000
Shares issued during the year*	**-**	19,950,000
No of shares as at 31 December	**20,000,000**	20,000,000
Weighted average number of shares	**20,000,000**	1,307,123

*On 8 December 2020, Company resolved to increase the share capital of the Company by issuing 19,950,000 new shares. As a result, the decrease in EPS primarily pertains to an increase in the average number of shares.

35. DIVIDENDS

On 17 Ramadan 1442 H (corresponding to 29th April 2021) the shareholders approved dividends of SR 82.7 million at SR 4.13 per share (2020: SR 30.9 million at SR 1.54 per share) for the year ended 31 December 2020 payable to Al Faisaliah Group Holding Company which was paid during 2021.

36. SUBSEQUENT EVENTS

On 21 February 2022, the Group received approval for listing and the Ultimate Parent Company offered 25% shares in the Nomu parallel market at a price of SAR 82 per share which were subscribed and announced.

No other events have occurred subsequent to the reporting date and before the issuance of these consolidated financial statements which requires adjustment to, or disclosure thereto.

37. RECLASSIFICATIONS

During the year, the Group has identified certain adjustments relating to reclassifications from trade receivables to due from related parties and trade payables to due to related parties which have also been adjusted in the prior year. Such adjustments do not have a material impact on these financial statements.

38. CONSOLIDATED FINANCIAL STATEMENTS APPROVAL

The consolidated financial statements were approved on 7 Sha'aban 1443H (corresponding to 10 March 2022).

TIBBIYAH

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الشركة الطبية العربية العالمية القابضة

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