

Shares Registration Document of Al-Mujtama Al-Raida Medical Company

AlMujtama Al-Raida Medical Co. is a Saudi joint stock company pursuant to the Resolution of His Excellency the Minister of Commerce No. (1145) dated 10/01/1444H (corresponding to 08/08/2022G), with Commercial Registration No. (4030241534) issued from the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G)

The indicative price for trading the Company's shares in the Parallel Market «Nomu» is (40) forty Saudi riyals

Al-Mujtama Al-Raida Medical Company is a Saudi joint stock company, registered under Commercial Registration No. (4030241534), issued from the city of Jeddah on 04/14/1434H (corresponding to 24/02/2013G). The Company was initially established as a sole proprietorship establishment under the name «AlMujtama Alhadithah Pharmacy» in 2001E. Later, a group of individual establishments and companies were acquired during different periods of time and all of them were included under the «Al-Mujtama Al-Raida Medical Company». The first sole proprietorship establishment was established in 2001G by Mr. Abdulaziz Omar Yousef Khoja, under the name «AlMujtama Alhadithah Pharmacy» registered in the Commercial Registry No. (4030134617) issued by the city of Jeddah on 11/05/1422H (corresponding to 01/08/2001G), with a capital of (SAR 30,000) thirty thousand Saudi riyals. In 2006G, Mr. Yousef Omar Khojah established a sole proprietorship establishment under the name «Yousef Omar Khoja Contracting Establishment», which was registered in the commercial registry No. (4030164157) issued by the city of Jeddah on 27/08/1427H (corresponding to 20/09/2006G), with a capital of (SAR 25,000) twenty-five thousand Saudi riyals. In 2008G, Mr. Ahmed Saud Al-Harithi established a sole proprietorship establishment called «AlMujtama Almotatawerah Medical Pharmacy», which is registered in the commercial register No. (4030176660) issued by the city of Jeddah on 19/02/1429H (corresponding to 26/02/2008G), with a capital of (SAR 30,000) thirty thousand Saudi riyals. Mr. Abdulaziz Omar Yousef Khoja issued branch records under his aforementioned establishment, where the first branch was called «Abdulaziz Omar Khoja Contracting Establishment» registered in the commercial register No. (4030265690) issued by the city of Jeddah on 19/04/1435H (corresponding to 19/02/2014G) with a capital of (SAR 30,000) thirty thousand Saudi riyals. The second branch was called «AlMujtama Alhadithah Pharmacy Warehouse» registered in the commercial register No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G) with a capital of (SAR 25,000) twenty-five thousand Saudi riyals. In 2015G, Mr. Ali Ahmed Al-Qahntani established a sole proprietorship establishment called «AlMujtama Jeddah Pharmacy No. 2», which is registered in the commercial register No. (4030286926) issued by the city of Jeddah on 20/03/1437H (corresponding to 31/12/2015G) with a capital of (SAR 30,000) thirty thousand Saudi riyals. In 2017G, Mr. Yousef Omar Khojah issued a sub-registry under his aforementioned establishment, named «AlMujtama Almasif Pharmacy for Medicines Establishment» and registered in the commercial register No. (4602007234) issued by the city of Rabigh on 10/02/1439H (corresponding to 30/10/2017G), with a capital of (SAR 30,000) thirty thousand Saudi riyals. In 2018G, Mr. Yousef Omar Khojah assigned the «Branch of the Yousef Omar Khoja Contracting Establishment» which is registered in Commercial Registry No. 4030164157 issued by Jeddah on 27/08/1427H (corresponding to 20/09/2006G), and Mr. Abdulaziz Omar Yousef Khoja assigned the branches: «Abdulaziz Omar Khoja Contracting Establishment» registered in Commercial Registry No. (4030265690) issued by the city of Jeddah on 19/04/1435H (corresponding to 19/02/2014G), and «AlMujtama Alhadithah Pharmacy Warehouse» registered in Commercial Registry No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G), as the parties wished to transform the above-mentioned establishments and branches into «Al-Mujtama Al-Raida Medical Company» - a limited liability - in accordance with the Articles of Association No. (247582) dated 11/11/1439H (corresponding to 24/07/2018G), registered in the commercial register No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G), with a capital amounting to (SAR 150,000) one hundred and fifty thousand Saudi riyals. In 2019, Mr. Abdulaziz Omar Khoja, Mr. Ahmed Saud Al-Harithi, and Mr. Ali Ahmed Al-Qahntani agreed to transform the two establishments «AlMujtama Almotatawerah Medical Pharmacy» and «AlMujtama Jeddah Pharmacy No. 2» and their branches into a limited liability company, where the two establishments were merged and the «AlMujtama Jeddah for Medicines Company» (a limited liability company) was established, which is registered in the commercial registry No. (4030241534) issued by the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G), pursuant to the articles of incorporation No. (353462), signed on 26/01/1441H (corresponding to 25/09/2019G), with a capital of (SAR 560,000) five hundred and sixty thousand Saudi riyals, divided into (100) one hundred cash shares of equal value, the value of each of which is (SAR 5,600) five thousand six hundred Saudi riyals. In 2020G, the two partners, Mr. Ahmed Saud Al-Harithi and Mr. Ali Ahmed Al-Qahntani, waived their entire shares in the «AlMujtama Jeddah for Medicines Company», amounting to a total of (2) shares at a total value of (SAR 11,200) eleven thousand and two hundred Saudi riyals, to Mr. Abdulaziz Omar Yousef Khoja, so that the «AlMujtama Jeddah for Medicines Company» became a single person company (with limited liability) according to the amended Articles of Association No. (67538) dated 25/06/1441H (corresponding to 19/02/2020G), and Mr. Abdulaziz Omar Yousef Khoja became the capital sole owner. On 28/04/1442H (corresponding to 13/12/2020G), a sale and assignment contract was concluded between the «AlMujtama Jeddah for Medicines Company» (assignee/buyer) and each of the «AlMujtama Alhadithah Pharmacy establishment», the «AlMujtama Almasif Pharmacy for Medicines Establishment», and the «Al-Mujtama Al-Raida Medical Company» (assignor/seller), where all the aforementioned establishments and company and its branches were transformed into branches of the «AlMujtama Jeddah for Medicines Company» while retaining the name, number and date of the branch commercial records. In 2021G, the partner Abdulaziz Omar Yousef Khoja waived part of his shares in the Company, amounting to (49) forty-nine shares, with a value amounting to (SAR 274,400) two hundred and seventy-four thousand and four hundred Saudi riyals, to «Ajyad Alshamilah Company Limited». This was done in accordance with the revised electronic articles of incorporation No. (67538), dated 19/04/1443H (corresponding to 24/11/2021G) so that the Company became a limited liability company after it was a one-person company (limited liability). In 2022G, the partner, «Ajyad Alshamilah Company Limited», waived all of its shares in the Company, amounting to (49) forty-nine shares, to «Khabeer Althanih Investment Company» as a new partner. While the partner, Abdulaziz Omar Yousef Khoja, waived part of his shares, numbering fifty (50) shares, to Mr. Omar Yousef Yuldash Khoja as a new partner. The name of the Company was also changed to «Al-Mujtama Al-Raida Medical Company», a limited liability company, in accordance with the amended electronic articles of incorporation No. (67538), dated 23/07/1443H (corresponding to 24/02/2022G). In 2022G, the partners decided to increase the Company's capital so that the new capital became (95,000,000) ninety-five million Saudi riyals, and the value of each of which was adjusted from (5,600) Saudi riyals to (10) Saudi riyals, and the number of shares from (100) shares to (9,500,000) nine million five hundred thousand cash shares of equal value and indivisible, the value of each share is (SAR 10) ten Saudi riyals. The capital increase amounting to (SAR 94,440,000) ninety-four million four hundred and forty thousand Saudi riyals was achieved by capitalizing the net amounts recorded in the partners' current accounts, which represent the net amounts due to the partners by the Company, so that the balances of all those accounts became «zero» Saudi riyals. This has been confirmed electronically with the Ministry of Commerce under the amended Articles of Association No. (67538), dated 01/09/1443H (corresponding to 03/04/2022G). On 10/11/1443H (corresponding to 09/06/2022G), «Khabeer Althanih Investment Company» (partner) waived part of its shares, amounting to (4,024,327) four million and twenty-four thousand three hundred and twenty-seven shares with a total value of (SAR 40,243,270) forty million two hundred and forty-three thousand and two hundred and seventy Saudi riyals for the benefit of new partners, as these partners were unit holders in «Alkhabeer Saudi Private Equity

Fund 2», hereafter referred to as «the Fund», as Alkhabeer Capital Company (the Fund Manager) transferred the ownership of these Partners of the fund to direct ownership in the «Al-Mujtama Al-Raida Medical Company». The partner, Omar Yousef Khoja, also waived part of his shares, amounting to (1,112,216) million one hundred and twelve thousand two hundred and sixteen shares, with a total value of (11,122,160) eleven million one hundred and twenty-two thousand and one hundred and sixty Saudi riyals, in favor of new partners and a current partner. He waived the number (110,697) one hundred and ten thousand six hundred and ninety-seven shares worth (SAR 1,106,970) one million one hundred and six thousand nine hundred and seventy Saudi riyals in favor of the current partner/ Abdulaziz Omar Khoja, and waived the remaining shares numbering (1,001,519) one million one thousand five hundred and nineteen shares worth (SAR 10,015,190) ten million and fifteen thousand and one hundred and ninety Saudi riyals for the benefit of new partners. The partners also decided on 10/11/1443H (corresponding to 09/06/2022G) to convert the Company's entity from a limited liability company to a closed joint stock company. The Company was converted into a closed joint stock company pursuant to the decision of His Excellency the Minister of Commerce No. (1145) dated 10/01/1444H (corresponding to 08/08/2022G) and registered in the commercial register No. (4030241534) issued by the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G).

The Company's current capital is (SAR 95,000,000) ninety-five million Saudi riyals, divided into (9,500,000) nine million five hundred thousand fully paid ordinary shares with a nominal value of (SAR 10) ten Saudi riyals per share.

All of the Company's shares are ordinary shares of one class, and the share does not give its holder any preferential rights. Every shareholder («Shareholder»), regardless of the number of shares he owns, has the right to attend and vote at the meetings of the General Assembly of Shareholders («General Assembly»). The shares subject to direct listing are entitled to their share of any dividends announced by the Company as of the date of this Registration Document and for any subsequent financial year. (Please see Section No. (5) «Dividends Policy» of this Document).

As of the date of this Document, the Substantial Shareholders in the Company who own (5%) or more of its capital are: Omar Yousef Khoja, with an ownership percentage of (38.29%), and Khabeer Althanih Investment Company, with an ownership percentage of (6.64%). For more details about the Substantial Shareholders (please refer to Section (4-1) «The Company's Ownership Structure before Listing» of this Document). These Substantial Shareholders are prohibited from disposing of their shares for a period of twelve (12) months from the date of the start of trading the Company's shares in the Parallel Market («Lock-up Period»), and they may dispose of their shares after the end of this period without the need to obtain prior approval from the Capital Market Authority. («the Authority») or «CMA».

Trading in shares subject to direct listing in the Parallel Market is limited to current shareholders (with the exception of Substantial Shareholders in the Company who own (5%) or more of its capital and who are mentioned above and who are subject to the Lock-up Period), in addition to the categories of qualified investors, which include:

1. Financial market institutions acting on their own account.
2. Clients of a financial market institution licensed to conduct management business, provided that the financial market institution has been appointed on conditions that enable it to take decisions regarding accepting participation in the Offering and investing in the Parallel Market on behalf of the client without the need to obtain prior consent from him.
3. The Government of the Kingdom, or any governmental agency, or any international body recognized by the Authority, or the Exchange, and any other capital market recognized by the Authority, or the Depository Center.
4. Companies owned by the Government, directly or through a portfolio managed by a capital market institution licensed to engage in management business.
5. Companies and funds established in the GCC states.
6. Investment funds.
7. Non-resident foreigners who are allowed to invest in the Parallel Market and who fulfill the requirements stipulated in the Investment Guide of Non-Resident Foreigners in the Parallel Market. (Please see Section (1) «Definitions and Abbreviations» of this Document).
8. Eligible foreign financial institutions.
9. Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.
10. Natural persons who may open an investment account in the Kingdom and an account with the Depository Center, and each fulfill any of the following criteria: (a) He must have carried out transactions in the securities markets with a total value of not less than forty million Saudi Riyal and no less than ten transactions in each quarter during the past twelve months. (b) His net assets value shall not be less than five million Saudi Riyal. (c) He is working or has worked for at least three years in the financial sector. (d) He holds a general certificate for dealing in securities approved by the Authority. (e) He holds a professional certificate specialized in the field of securities business approved by the internationally recognized body. (f) Any other persons designated by the Authority.

The Company's shares have not previously been listed on any stock market, whether inside or outside the Kingdom of Saudi Arabia, before their direct listing in the Parallel Market. The Company has filed an application to register the shares subject to this Document to the Capital Market Authority («the Authority») or «CMA» and to list them in the Saudi Stock Exchange («Saudi Tadawul»). All required documents have been submitted to the relevant authorities and all requirements have been completed. The requirements were met, and all approvals related to the process of registration and direct listing of the Company's shares in the Parallel Market have been fulfilled, including the Authority's approval of this Registration Document. Investing in the shares subject to the Registration and Direct Listing in the Parallel Market involves risks and uncertainties. Therefore, the «Important Notices» and «Risk Factors» sections of this Registration Document must be carefully studied by potential investors before making a decision to invest in the Company's shares after completing their Registration and Direct Listing in the Parallel Market.

Financial Advisor

الدخيل
Aldukheil

This Document contains information provided in accordance with the requirements of the Rules of the Offer of Securities and Continuing Obligations issued by the Capital Market Authority in the Kingdom of Saudi Arabia (referred to as the «Authority») or «CMA»). The Directors whose names appear in this Document collectively and severally accept full responsibility for the accuracy of the information contained in this Document, and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts in the Document the omission of which would make any statement contained therein misleading. The Authority and Saudi Tadawul Company assume no responsibility for the contents of this Document, nor do they give any assurances regarding the accuracy or completeness of this Document, and expressly disclaim any responsibility whatsoever for any loss arising from or incurred in reliance on any part of this Document. Investors wishing to invest under this Document must investigate the correctness of the information related to the shares subject to the Direct Listing. If the investor does not understand the content of the Document, he should consult a licensed financial advisor.



**AlMujtama Pharmacy ...
For a Healthy, Conscious Society**

Important Notice

This Document provides complete detailed information about Al-Mujtama Al-Raida Medical Company and the shares subject to direct listing. Potential qualified investors who wish to invest in the shares subject to direct listing after completion of registration of the Company's shares and the start of their trading in the Parallel Market will be treated on the basis that the investment decision is based on the information contained in this Document, a copy of which can be obtained from the Company's website (www.almujtama.com.sa), Aldukheil Financial Group (www.aldukheil.com.sa), the Capital Market Authority (www.cma.org.sa), or the Saudi Stock Exchange Company (Saudi Tadawul) (www.saudiexchange.sa). An announcement will also be made by the Financial Advisor **«Aldukheil Financial Group Company»** on the Saudi Tadawul Stock Exchange website **«Saudi Tadawul»** about publishing the Registration Document and making it available to qualified investors within the specified period in accordance with the Rules on the Offer Securities and Continuing Obligations (within a period of not less than (14) days before direct listing) and any other developments.

This Registration Document contains information provided according to the requirements of the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority in the Kingdom Saudi Arabia. The Directors whose names appear on page (V) collectively and individually accept full responsibility for the accuracy of the information contained in this Registration Document, and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, that there are no other facts in the Registration Document that the omission of which would make any statement contained therein misleading. The Authority and Saudi Stock Exchange Company **«Saudi Tadawul»** assume no responsibility for the contents of this Document, nor do they give any assurances regarding the accuracy or completeness of this Document, and expressly disclaim any responsibility whatsoever for any loss arising from or incurred in reliance on any part of this Document.

The Company has appointed Aldukheil Financial Group as a financial advisor (**«Financial Advisor»**) regarding registering the Company's shares and listing them directly on the Parallel Market **«Nomu»**.

The information contained in this Document as at the date hereof is subject to change. In particular, the actual financial condition of the Company and the value of the Shares may be adversely affected by future developments in inflation, interest rates, taxation, or other economic, political and other factors, over which the Issuer has no control (See Section (2) **«Risk Factors»** of this Document). Neither the delivery of this Document nor any oral, written or printed interaction in relation to the Company's Shares is intended to be or should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

This Document is not to be regarded as a recommendation on the part of the Company, its directors, or any of its advisors to participate in the investment in the shares subject to direct listing. The information provided in this Document is of general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs for investors who may wish to invest in the Shares to be directly listed. Prior to making an investment decision, each recipient of this Document is responsible for obtaining independent professional advice from a financial advisor who is licensed by CMA in relation to the Shares subject to direct listing and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and needs of those investors.

The Company and the Financial Advisor ask the recipient of this Document to review all the regulatory and statutory restrictions related to buying or selling the shares subject to registration and listing and to observe compliance with them.

Financial Information

The audited financial statements of the Company were prepared for the fiscal year ended on 31/12/2022G, and the comparable audited financial statements for the fiscal year ended on 31/12/2021G, the audited financial statements for the six-month period ended on 30/06/2023G, and the comparable reviewed financial statements for the six-month period ended on 30/06/2022G, which have been included in this Document, are in accordance with the International Financial Reporting Accounting Standards (IFRS) approved in the Kingdom of Saudi Arabia and other standards and issuances approved by the Saudi Organization for Auditors and Accountants (SOCPA). The financial statements for the fiscal year ended on 31/12/2022G were audited, and the financial statements for the six-month period ended on 30/06/2023G were reviewed by Talal Abu Ghazaleh & Co. Company, noting that the Company issues its financial statements in Saudi riyals.

Forecasts and Forward-looking Statements

Forecasts set forth in this Document have been prepared on the basis of specific and announced assumptions. The Issuer's future conditions may differ from the assumptions used, and no affirmation, representation, or warranty is made with respect to the accuracy or completeness of any of these forecasts.

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

Subject to the requirements of the Rules on the Offer of Securities and Continuing Obligations, the Company must submit a supplementary Registration Document to the CMA if, at any time after the publication of this Registration Document and before completion of the Registration, the Company becomes aware that:

- (1) There has been a significant change in any material information contained in this Registration Document;
- (2) The occurrence of additional significant matters which would have been required to be included in this Registration Document. Except in the two circumstances mentioned above, the Company does not intend to update or otherwise revise any statements in this Registration Document, whether as a result of new information, future events or otherwise relating to the Company.

As a result of the foregoing and other risks, assumptions and uncertainties, expectations of future events and conditions set out in this Document may not occur as expected by the Company or may not occur at all. Accordingly, potential qualified investors should examine all future statements in the light of these interpretations and not rely primarily on these forward-looking statements.

Company Directory

Board of Directors

Name	Position	Position and Independence	Nationality	Age	Number of shares owned directly	Direct Ownership (%)	Number of shares owned indirectly	Indirect Ownership (%)	Date of Appointment
Omar Yusuf Yuldash Khoja	Chairman	Non-executive/ non-independent	Saudi	68	3,637,784	38.29%	-	-	03/01/1444H (corresponding to 01/08/2022G)
Hisham Omar Ali Baroom	Deputy Chairman	Non-executive/ non-independent	Saudi	52	60,065	0.63%	-	-	03/01/1444H (corresponding to 01/08/2022G)
Abdulaziz Omar Yousef Khoja	Member of the Board of Directors and Managing Director	Executive/ non-independent	Saudi	43	205,697	2.17%	-	-	03/01/1444H (corresponding to 01/08/2022G)
Yousef Omar Yousef Khoja	Member	Executive/ non-independent	Saudi	41	344,861	3.63%	-	-	03/01/1444H (corresponding to 01/08/2022G)
Ahmed Abdel-Ilah Mohammed Ali Maghribi	Member	Non-executive/ independent	Saudi	54	-	-	-	-	03/01/1444H (corresponding to 01/08/2022G)

Source: Al-Mujtama Al-Raida Medical Company

- The members of the Board of Directors were appointed by the Company's General Assembly, which was held on 03/01/1444H (corresponding to 01/08/2022G) for a period of (5) five years ended on 27/02/1449H (corresponding to 31/07/2027G). Then, the term of membership of the Board of Directors was later amended to become (4) four years from the date of appointing the Board, after updating the Company's Articles of Association approved by the Ministry of Commerce on 11/02/1445H (corresponding to 27/08/2023G), in order to harmonize with the provisions of the new Companies Law issued by Royal Decree (M/132) dated 01/12/1443H (corresponding to 30/06/2022G); Members of the Board of Directors may be re-elected. The Board of Directors shall convene at least (4) four times annually.
- The Corporate Governance Regulations issued by the Capital Market Authority were relied on in determining the symptoms of independence for members of the Board of Directors. The symptoms of independence for members of the Company's Board of Directors are as follows:
 - He must own or have an interest in five percent or more of the Company's shares or the shares of another company from its group, or have a kinship relationship with a person who owns this percentage.
 - He works or was an employee during the past two years with the Company.

Note: Percentages are rounded.

Registered Company's Address

Al-Mujtama Al-Raida Medical Company
 Main Street, Al-Hamdaniya District, Jeddah
 P.O. Box 109474, Jeddah 21351
 Kingdom of Saudi Arabia
 Tel: +966 920008144
 Website: www.almujtama.com.sa
 Email: contact@almujtama.com.sa



First Issuer's Representative

Name: Hisham Omar Ali Baroom
 Position: Deputy Chairman of the Board
 Address: Medina Road, Al Nuzha District, Jeddah
 P.O. Box 128289 Jeddah 21362
 Direct Tel: +966 12 6129346
 Fax: +966 12 6586663
 Kingdom of Saudi Arabia
 Email: h.baroom@alkhabeer.com
 Website: www.alkhabeer.com

Second Issuer's Representative

Name: Abdulaziz Omar Yousef Khoja
 Position: Member of the Board of Directors and
 Managing Director
 Address: Main Street, Al-Hamdaniya District, Jeddah
 P.O. Box 109474 Jeddah 21351
 Tel: +966 920008144 Ext: 100
 Kingdom of Saudi Arabia
 Email: a.khojah@almujtama.com.sa
 Website: www.almujtama.com.sa

Stock Exchange

Saudi Tadawul Company (Saudi Exchange)
 Unit No.: 15, King Fahd Road, Olaya, Riyadh
 P.O. Box 6897, Riyadh 12211 - 3388
 Kingdom of Saudi Arabia
 Tel.:+966 920001919
 Fax:+966 11 2189133
 Email: csc@saudiexchange.sa
 Website: www.saudiexchange.sa



Advisors

Financial Advisor

Aldukheil Financial Group

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P.O. Box 2462, Riyadh 11451
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Email: info@aldukheil.com.sa
Website: www.aldukheil.com.sa

الدخيل
Aldukheil

Auditor

Talal Abu-Ghazaleh & Co. - Certified Public Accountants

King Abdulaziz Branch Road, Al Khalidiya District, Jeddah
P.O. Box. 20135 Jeddah 21455
Kingdom of Saudi Arabia
Tel: +966-12-6060-430
Fax: +966-12-6060402
Website: www.tagi.sa
Email: tagco.jeddah@tagi.com

طالال أبو غزالة وشركاه
Talal Abu-Ghazaleh & Co. 

Note: All of the above advisors have given their written consent to the publication of their names and logos in the form indicated in the Document; and none of them has withdrawn its approval up to the date of this Document. It should be noted that all of these entities, their employees, or any of their relatives do not own shares or interest of any kind in the Company.

The Summary

This summary is intended to provide a brief background on the information contained in this Document. Hence, this summary does not contain all the information that may be important to potential investors. Therefore, this summary should be read as an introduction to this Document, and potential investors should read and review this Document in its entirety, and any decision regarding investment in the shares subject to direct listing by potential investors should be based on taking into account all information stated in this Document as a whole, especially the **«Important Notice»** section and Section No. (2) **«Risk Factors»** before making any investment decision on the shares subject to direct listing in this Document.

Summary

Company's name, Description, and Incorporation

Al-Mujtama Al-Raida Medical Company is a Saudi joint stock company, registered under Commercial Registration No. (4030241534), issued in Jeddah on 04/14/1434H (corresponding to 24/02/2013G). The Company was initially established as a sole proprietorship establishment under the name **«Almujtama Alhadithah Pharmacy»** in 2001. Later, a group of individual establishments and companies were acquired during different periods of time and all of them were included under the **«Al-Mujtama Al-Raida Medical Company»**.

- The first sole proprietorship establishment was established in 2001G by Mr. Abdulaziz Omar Yousef Khoja, under the name **«Almujtama Alhadithah Pharmacy»**, registered in the Commercial Registry No. (4030134617) issued by the city of Jeddah on 11/05/1422H (corresponding to 01/08/2001G), with a capital of (SAR 30,000) thirty thousand Saudi riyals.
- In 2006G, Mr. Yousuf Omar Khojah established a sole proprietorship establishment under the name **«Yousef Omar Khoja Contracting Establishment»**, which was registered in the commercial registry No. (4030164157) issued by the city of Jeddah on 27/08/1427H (corresponding to 20/09/2006G), with a capital of (SAR 25,000) twenty-five thousand Saudi riyals..
- In 2008G, Mr. Ahmed Saud Al-Harithi established a sole proprietorship establishment called **«Almujtama Almotatawerah Medical Pharmacy»**, which is registered in the commercial register No. (4030176660) issued by the city of Jeddah on 19/02/1429H (corresponding to 26/02/2008G), with a capital of (SAR 30,000) thirty thousand Saudi riyals.
- Mr. Abdulaziz Omar Yousef Khoja issued branch records under his aforementioned establishment, where the first branch was called **«Abdulaziz Omar Khoja Contracting Establishment»** registered in the commercial register No. (4030265690) issued by the city of Jeddah on 19/04/1435H (corresponding to 19/02/2014G) with a capital of (SAR 30,000) thirty thousand Saudi riyals. The second branch was called **«Almujtama Alhadithah Pharmacy Warehouse»** registered in the commercial register No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G) with a capital of (SAR 25,000) twenty-five thousand Saudi riyals..
- In 2015G, Mr. Ali Ahmed Al-Qahtani established a sole proprietorship establishment called **«Almujtama Jeddah Pharmacy No. 2»**, which is registered in the commercial register No. (4030286926) issued by the city of Jeddah on 20/03/1437H (corresponding to 31/12/2015G) with a capital of (SAR 30,000) thirty thousand Saudi riyals.

Summary

Company's name, Description, and Incorporation

- In 2017G, Mr. Yousuf Omar Khojah issued a sub-registry under his aforementioned establishment, named **«Almujtama Almasif Pharmacy for Medicines Establishment»** and registered in the commercial registry No. (4602007234) issued by the city of Rabigh on 10/02/1439H (corresponding to 30/10/2017G), with a capital of (SAR 30,000) thirty thousand Saudi riyals.
- In 2018G, Mr. Yousuf Omar Khojah assigned the **«Branch of the Yousef Omar Khoja Contracting Establishment»** which is registered in Commercial Registry No. 4030164157 issued by Jeddah on 27/08/1427H (corresponding to 20/09/2006G), and Mr. Abdulaziz Omar Yousef Khoja assigned the branches: **«Abdulaziz Omar Khoja Contracting Establishment»** registered in Commercial Registry No. (4030265690) issued by the city of Jeddah on 19/04/1435H (corresponding to 19/02/2014G), and **«Almujtama Alhadithah Pharmacy Warehouse»** registered in Commercial Registry No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G), as the parties wished to transform the above-mentioned establishments and branches into **«Al-Mujtama Al-Raida Medical Company»** - a limited liability - in accordance with the Articles of Association No. (247582) dated 11/11/1439H (corresponding to 24/07/2018G), registered in the commercial register No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G), with a capital amounting to (SAR 150,000) one hundred and fifty thousand Saudi riyals.
- In 2019, Mr. Abdulaziz Omar Khoja, Mr. Ahmed Saud Al-Harithi, and Mr. Ali Ahmed Al-Qahtani agreed to transform the two establishments **«Almujtama Almotatawerah Medical Pharmacy»** and **«Almujtama Jeddah Pharmacy No. 2»** and their branches into a limited liability company, where the two establishments were merged and the **«Almujtama Jeddah for Medicines Company»** (a limited liability company) was established, which is registered in the commercial registry No. (4030241534) issued by the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G), pursuant to the articles of incorporation. No. (353462), signed on 26/01/1441H (corresponding to 25/09/2019G), with a capital of (SAR 560,000) five hundred and sixty thousand Saudi riyals, divided into (100) one hundred cash shares of equal value, the value of each of which is (SAR 5,600) five thousand six hundred Saudi riyals.
- In 2020G, the two partners, Mr. Ahmed Saud Al-Harithi and Mr. Ali Ahmed Al-Qahtani, waived their entire shares in the Almujtama Jeddah for Medicines Company, amounting to a total of (2) shares at a total value of (SAR 11,200) eleven thousand and two hundred Saudi riyals, to Mr. Abdulaziz Omar Yousef. Khoja, so that the Almujtama Jeddah for Medicines Company became a single person company (with limited liability) according to the amended Articles of Association No. (67538) dated 25/06/1441H (corresponding to 19/02/2020G), and Mr. Abdulaziz Omar Yousef Khoja became the capital sole owner.

Summary

Company's name, Description, and Incorporation

- On 28/04/1442H (corresponding to 13/12/2020G), a sale and assignment contract was concluded between the AlMujtama Jeddah for Medicines Company (assignee/ buyer) and each of the AlMujtama Alhadithah Pharmacy establishment, the AlMujtama Almasif Pharmacy for Medicines Establishment, and the Al-Mujtama Al-Raida Medical Company (assignor/seller), where all the aforementioned establishments and company and its branches were transformed into branches of the AlMujtama Jeddah for Medicines Company while retaining the name, number and date of the branch commercial records.
- In 2021G, the partner Abdulaziz Omar Yousef Khoja waived part of his shares in the Company, amounting to (49) forty-nine shares, with a value amounting to (SAR 274,400) two hundred and seventy-four thousand and four hundred Saudi riyals, to Ajjad Alshamilah Company Limited. This was done in accordance with the revised electronic articles of incorporation No. (67538), dated 19/04/1443H (corresponding to 24/11/2021G) so that the Company became a limited liability company after it was a one-person company (limited liability).
- In 2022G, the partner, Ajjad Alshamilah Company Limited, waived all of its shares in the Company, amounting to (49) forty-nine shares, to Khabeer Althaniah Investment Company as a new partner. While the partner, Abdulaziz Omar Yousef Khoja, waived part of his shares, numbering fifty (50) shares, to Mr. Omar Yousef Yuldash Khoja as a new partner. The name of the Company was also changed to **«Al-Mujtama Al-Raida Medical Company»**, a limited liability company, in accordance with the amended electronic articles of incorporation No. (67538), dated 23/07/1443H (corresponding to 24/02/2022G).
- In 2022G, the partners decided to increase the Company's capital so that the new capital became (95,000,000) ninety-five million Saudi riyals, and the value of each of which was adjusted from (5,600) Saudi riyals to (10) Saudi riyals, and the number of shares from (100) shares to (9,500,000) nine million five hundred thousand cash shares of equal value and indivisible, the value of each share is (SAR 10) ten Saudi riyals. The capital increase amounting to (SAR 94,440,000) ninety-four million four hundred and forty thousand Saudi riyals was achieved by capitalizing the net amounts recorded in the partners' current accounts, which represent the net amounts due to the partners by the Company, so that the balances of all those accounts became **«zero»** Saudi riyals. This has been confirmed electronically with the Ministry of Commerce under the amended Articles of Association No. (67538), dated 01/09/1443H (corresponding to 03/04/2022G).
- On 10/11/1443H (corresponding to 09/06/2022G), Khabeer Althaniah Investment Company (partner) which is the custodian entity holding the asset on behalf of Alkhabeer Saudi Private Equity Fund 2 (referred to as "the Fund"), waived part of its shares, amounting to (4,024,327) four million and twenty-four thousand three hundred and twenty-seven shares with a total nominal value of (SAR 40,243,270) forty million two hundred and forty-three thousand and two hundred and seventy Saudi riyals for the benefit of new partners, as these partners were unit holders in **«the Fund»**. Thus, the Fund transferred the ownership of these unit holders in the Fund to direct ownership in the Al-Mujtama Al-Raida Medical Company.

Summary

Company's name, Description, and Incorporation

The partner, Omar Yousef Khoja, also waived part of his shares, amounting to (1,112,216) million one hundred and twelve thousand two hundred and sixteen shares, with a total value of (11,122,160) eleven million one hundred and twenty-two thousand and one hundred and sixty Saudi riyals, in favor of new partners and a current partner. He waived the number (110,697) one hundred and ten thousand six hundred and ninety-seven shares worth (SAR 1,106,970) one million one hundred and six thousand nine hundred and seventy Saudi riyals in favor of the current partner/ Abdulaziz Omar Khoja, and waived the remaining shares numbering (1,001,519) one million one thousand five hundred and nineteen shares worth (SAR 10,015,190) ten million and fifteen thousand and one hundred and ninety Saudi riyals for the benefit of new partners.

The partners also decided on 10/11/1443H (corresponding to 09/06/2022G) to convert the Company's entity from a limited liability company to a closed joint stock company. The Company was converted into a closed joint stock company pursuant to the decision of His Excellency the Minister of Commerce No. (1145) dated 10/01/1444H (corresponding to 08/08/2022G) and registered in the commercial register No. (4030241534) issued by the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G).

- The Company's current capital is (95,000,000) ninety-five million Saudi riyals, divided into (9,500,000) nine million five hundred thousand ordinary shares, fully paid, at a nominal value of (SAR 10) ten Saudi riyals per share.

Summary

Summary of the Company Activities

The Company carries out its activities under Commercial Registration No. (4030241534) issued from Jeddah on 14/04/1434H (corresponding to 24/02/2013G), which expires on 13/03/1446H (corresponding to 16/09/2024G). The Company operates in the field of operating pharmacies, retailing medicines, pharmaceutical products, cosmetics, toiletries, medical equipment, tools and supplies, and providing pharmaceutical services in the Kingdom of Saudi Arabia. The Company is a pioneer in the field of comprehensive community pharmaceutical and pharmaceutical service in the Kingdom, as the Company is distinguished by playing an effective role in serving the community through strategic partnership with the main stakeholders in the field of health care in the Kingdom, the most important of which is the strategic cooperation with the Ministry of Health in coordination and cooperation with one of the Company's semi-governmental clients to disburse Prescriptions through the (Wasfaty) program issued by primary care centers and government hospitals affiliated with the Ministry of Health and Medical Services in other government sectors in the Kingdom.

As of the date of this document, the Company has a chain of (157) pharmacies, including (125) existing pharmacies and (32) pharmacies under construction and expected to open within the next twelve months. They are spread throughout various regions of the Kingdom of Saudi Arabia, especially in the Western Region. The Company also has an electronic pharmacy through which sales are made online through the Company's website, including providing free delivery service to customers.

According to its Commercial Registration, the Company's main activity is (pharmacy activities), which falls under the activity of **«wholesale and retail trade and repair of motor vehicles and motorcycles»** according to the Standard Activities Guide issued by the Ministry of Commerce, which includes the following:

- Retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

The Company's other activities as in its Commercial Registration are as follows:

- Medical devices and products stores
- Cosmetics stores
- Pharmaceutical stores
- General stores that include a variety of goods
- Dry food stores
- Pharmaceutical laboratories

The Company's activities, according to its Articles of Association, are:

- Real estate activities: real estate activities in owned or rented properties.
- Professional, scientific and technical activities: main office activities (supervision and management of other units in the Company or institution).
- Construction: electrical installations.
- Transportation and storage: storage.
- Wholesale, retail trade and repair of motor vehicles and motorcycles:
Other types of retail sale in non-specialized stores; and the retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

Summary

Summary of the Company Activities

The Company does not carry out its activities except after obtaining the regulatory licenses required by the prevailing regulations in force in the Kingdom of Saudi Arabia. The Company has obtained all the required regulatory licenses, and those licenses are still valid as at the date of this Document, and the Company is constantly working to renew any licenses whose validity date has expired or is about to expire. (Please review Section (3-10) «**Company Licenses and Permits**» of this Document).

Substantial Shareholders, number of their shares, and their ownership percentages before listing

There are (2) Substantial Shareholders who own 5% or more of the Company's shares as of the date of this Document. The following table shows the number of their shares and their direct and indirect ownership percentages before listing:

Substantial Shareholders	Shareholder Name	Nominal value of shares	Direct ownership Percentage	Indirect Ownership Percentage*	
	Omar Yusuf Yuldash Khoja	3,637,784	36,377,840	38.29%	-
	Khabeer Althaniah Investment Company	630,673	6,306,730	6.64%	-
	Alinma Investment Company	-	-	-	6.57%
Total		4,268,457	42,684,570	44.93%	6.57%

* The indirect ownership percentage of Alinma Investment Company is approximately 6.57% of the Company's shares, which results from its direct ownership of 99.00% in Khabeer Althaniah Investment Company, which owns 6.64% of the shares of the Al-Mujtama Al-Raida Medical Company. It is worth noting that Khabeer Althaniah Investment Company is a special purpose vehicle used in the legal structure of Alkhabeer Saudi Private Equity Fund 2, which is managed by Alkhabeer Capital Company, which owns shares in the Company for and on behalf of the Fund (please see Section (4-4-1) «**Khabeer Althaniah Investment Company**» in this Document)

Summary

Substantial Shareholders to whom the financial market institution designated under the Listing Rules may sell their shares at its discretion, the number of their shares, and their percentage of ownership before listing and after implementing the plan to meet the liquidity requirements submitted to the Exchange in accordance with the Listing Rules	There is no licensed financial market institution designated to sell any of the shares of Substantial Shareholders in the Company, given the fact that the Company is meeting the liquidity requirements contained in Article (41) forty-one of the Listing Rules, as the number of shareholders in the Company who meet the definition of the public is (97). Ninety-seven shareholders collectively own (48.01%) of the Company's capital as of the date of this Registration Document.
Issuer's capital	(SAR 95,000,000) Ninety-five million Saudi Riyals, paid in full.
Total number the Issuer's shares	(9,500,000) Nine million five hundred thousand fully paid up ordinary shares.
Nominal value of the share	Ten (10) Saudi Riyals.
Indicative share price upon listing	(SAR 40) Forty Saudi Riyals per share.
Entitlement to dividends	The Offer Shares will be entitled to receive dividends declared by The Company for the period following the date of this Registration Document and for subsequent fiscal years. (Please refer to Section (5) « Dividend Policy » in this Registration Document).
Voting rights	Each shareholder has one vote for each share in the general shareholders' assemblies, and no share gives its holder preferential rights. Every shareholder, regardless of the number of shares he holds, has the right to attend and vote in the General Assembly.

Summary

Restrictions relating to the Shares	The Existing Substantial Shareholders who own 5% or more of the Company's shares (whose names are mentioned on page No (xx and xxi), may not dispose of any Shares during a period of 12 months from the date on which trading of the Company's Shares commences on the Parallel Market («Lock-up Period»). The Securities Depository Center lifts the restrictions on these shares directly after the end of the Lock-up period, without the need to obtain prior approval from the Capital Market Authority.
Company's previously issued shares	Prior to direct listing of the Company's shares in the Parallel Market, the Company's shares have never been listed on any Exchange, whether inside or outside the Kingdom of Saudi Arabia. The Company has filed an application with the Authority to register its shares in the Parallel Market according to the Rules on the Offer of Securities and Continuing Obligations. The Company also applied to the Exchange (Tadawul) for listing in accordance with the Listing Rules. All relevant approvals necessary to complete the listing process have been obtained. All supporting documents requested by the Authority have been completed.

Summary

Categories of investors who are entitled to trade the Company's shares after listing

Trading in shares subject to direct listing in the Parallel Market is limited to current shareholders (with the exception of Substantial Shareholders in the Company who own (5%) or more of its capital mentioned on page (xx and xxi) and to whom the Lock up period applies), in addition to the categories of qualified investors represented by the following:

1. Financial market institutions acting on their own account.
2. Clients of a financial market institution licensed to conduct management business, provided that the financial market institution has been appointed on conditions that enable it to take decisions regarding accepting participation in the Offering and investing in the Parallel Market on behalf of the client without the need to obtain prior consent from him.
3. The government of the Kingdom, or any governmental agency, or any international body recognized by the Authority, or the Exchange, and any other capital market recognized by the Authority, or the Depository Center.
4. Companies owned by the government, directly or through a portfolio managed by a capital market institution licensed to engage in management business.
5. Companies and funds established in the GCC states.
6. Investment funds.
7. Non-resident foreigners who are allowed to invest in the Parallel Market and who meet the requirements stipulated in the guideline for investment of non-resident foreigners in the Parallel Market.
8. Qualified foreign financial institutions.
9. Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.
10. Natural persons who may open an investment account in the Kingdom and an account with the Depository Center, and each fulfill any of the following criteria:
 - A. He must have carried out transactions in the securities markets with a total value of not less than forty million Saudi Riyal and no less than ten transactions in each quarter during the past twelve months.
 - B. His net assets value shall not be less than five million Saudi Riyal.
 - C. He is working or has worked for at least three years in the financial sector.
 - D. He holds a general certificate for dealing in securities approved by the Authority.
 - E. He holds a professional certificate specialized in the field of securities business approved by an internationally recognized body.
11. Any other persons designated by the Authority

Summary of Key Information

Note to Investors

This summary aims to provide an overview of the information contained in this Registration Document, but it does not include all the information that may be important to the Qualified Investors. Therefore, this summary is considered a summary of the basic information included in this Document. Recipients of this Document should read it in full before deciding whether to invest in the Company's shares, after completing its registration and direct listing in the Parallel Market. Some of the terms and abbreviated terms contained herein have been defined in Section (1) «**Definitions and Abbreviations**» of this Registration Document.

Company Overview

Al-Mujtama Al-Raida Medical Company (hereinafter referred to as the «**Company**» or «**Issuer**») is a Saudi closed joint stock company pursuant to the Resolution of His Excellency the Minister of Commerce No. (1145), dated 10/01/1444H (corresponding to 08/08/2022G), and under Commercial Registration. No. (4030241534) issued from Jeddah on 14/04/1434H (corresponding to 24/02/2013G). The Company's capital is (SAR 95,000,000) ninety-five million Saudi riyals, divided into (9,500,000) nine million five hundred thousand ordinary shares, fully paid, at a nominal value of (SAR 10) ten Saudi riyals per share. The Company operates in the field of operating pharmacies, retailing medicines, pharmaceutical products, cosmetics, toiletries, medical equipment, tools and supplies, and providing pharmaceutical services in the Kingdom of Saudi Arabia. The Company is a pioneer in the field of comprehensive community pharmaceutical and medicine service in the Kingdom, as the Company is distinguished by its effective role in serving the community through strategic partnership with the main stakeholders in the field of health care in the Kingdom, the most important of which is the strategic cooperation with the Ministry of Health in coordination and cooperation with one of the Company's semi-governmental clients to disburse prescriptions through (Wasfaty) program issued by primary care centers and government hospitals affiliated with the Ministry of Health and Medical Services in other government sectors in the Kingdom. The Company has a chain of (157) pharmacies as of the date of this Document, including (125) existing pharmacies and (32) pharmacies

under construction and expected to open within the next twelve months. They are spread throughout various regions of the Kingdom of Saudi Arabia, especially in the Western Region. The Company also has an electronic pharmacy through which sales are made online through the Company's website, including providing free delivery service to customers.

According to its Commercial Registration, the Company's main activity is (pharmacy activities), which falls under the activity of «**wholesale and retail trade and repair of motor vehicles and motorcycles**» according to the Standard Activities Guide issued by the Ministry of Commerce, which includes the following:

- Retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

The Company's other activities as in its Commercial Registration are as follows:

- Medical devices and products stores
- Cosmetics stores
- Pharmaceutical stores
- General stores that include a variety of goods
- Dry food stores
- Pharmaceutical laboratories

The Company's activities, according to its Articles of Association, are:

- Real estate activities: real estate activities in owned or rented properties.
- Professional, scientific and technical activities: main office activities (supervision and management of other units in the Company or institution).
- Construction: electrical installations.
- Transportation and storage: storage.
- Wholesale, retail trade and repair of motor vehicles and motorcycles:

Other types of retail sale in non-specialized stores; and the retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

The Company's headquarters is located in Jeddah at the following address:

(Al-Mujtama Al-Raida Medical Company)

Main Street, Al-Hamdaniya District, Jeddah

P.O. Box 109474, Jeddah 21351

Kingdom of Saudi Arabia

Tel: +966 920008144

Website: www.almujtama.com.sa

Email: contact@almujtama.com.sa

Company Ownership Structure before Listing

The Company's current capital is (SAR 95,000,000) ninety-five million Saudi Riyals divided into (9,500,000) nine million five hundred thousand fully paid ordinary shares at a nominal value of (10) ten Saudi Riyals per share. The following table shows the ownership structure of the Company's current shareholders before listing:

Company ownership structure before listing

	Shareholders	Shareholder Name	Nominal value of shares (SR)	Direct ownership Percentage	Indirect Ownership Percentage*
1	Omar Yusuf Yuldash Khoja	3,637,784	36,377,840	38.29%	-
2	Khabeer Althaniah Investment Company	630,673	6,306,730	6.64%	-
3	Yousef Omar Yousef Khoja	344,861	3,448,610	3.63%	-
4	Abdulaziz Omar Yousef Khoja	205,697	2,056,970	2.17%	-
5	Ahmed Saud Hamza Ghouth	60,065	600,650	0.63%	-
6	Hisham Omar Ali Baroom	60,065	600,650	0.63%	-
	Public (97 Shareholders)*	4,560,855	45,608,550	48.01%	0.46%
Total		9,500,000	95,000,000	100.00%	0.46%

Source: Al-Mujtama Al-Raida Medical Company

* Indirect ownership by the public is represented by the ownership of one of the public shareholders (Mr. Mahmoud Mohammed Ibrahim Nashar) at 73.00% of the shares of (Mahmoud Nashar & Partners- Nashar Trading (Ltd.)), which owns 0.63% of the shares of the Al-Mujtama Al-Raida Medical Company.

Note: Percentages are rounded.

Substantial Shareholders who own directly 5% or more of the Company Shares

The Company has two (2) Substantial Shareholders who directly own 5% or more of the Company's shares as of the date of this Document. The following table shows the number of their shares and their ownership percentages before listing:

Substantial Shareholders who own directly 5% or more of the Company Shares

Substantial Shareholders	Shareholder Name	Nominal value of shares (SR)	Direct ownership Percentage	Indirect Ownership Percentage*	
	Omar Yusuf Yuldash Khoja	3,637,784	36,377,840	38.29%	-
	Khabeer Althaniah Investment Company	630,673	6,306,730	6.64%	-
Total	4,268,457	42,684,570	44.93%	-	

Source: Al-Mujtama Al-Raida Medical Company

Substantial Shareholders who own indirectly 5% or more of the Company Shares

The Company has one (1) Substantial Shareholder who indirectly owns 5% or more of the Company's shares as of the date of this Document. The following table shows the number of their shares and their ownership percentages before listing:

Substantial Shareholders who own indirectly 5% or more of the Company Shares

Substantial Shareholders	Shareholder Name	Nominal value of shares (SR)	Direct ownership Percentage	Indirect Ownership Percentage*
	Alinma Investment Company	-	-	6.5736%
Total	-	-	-	6.5736%

Source: Al-Mujtama Al-Raida Medical Company

* The indirect ownership percentage of Alinma Investment Company is 6.5736% of the Company's shares, which results from its direct ownership of 99.0000% in Khabeer Althaniah Investment Company, which owns 6.6400% of the shares of the Al-Mujtama Al-Raida Medical Company. It is worth noting that Khabeer Althaniah Investment Company is a special purpose company used in the legal structure of Alkabeer Saudi Private Equity Fund 2, which is managed by Alkabeer Capital Company, which owns shares in the Company for and on behalf of the Fund (please see Section No. (4-4-1) «**Khabeer Althaniah Investment Company**» from this Document).

Note: Percentages are rounded.

General information about the shareholding companies of Al-Mujtama Al-Raida Medical Company

Khabeer Althaniah Investment Company

Khabeer Althaniah Investment Company is a limited liability company under Commercial Registration No. (1010758825) issued from Riyadh on 13/04/1443H (corresponding to 18/11/2021G). The main headquarters of Khabeer Althaniah Investment Company is located in the city of Riyadh. Its capital is (SAR 5,000) five thousand Saudi riyals divided into (500) five hundred shares of equal value, with a nominal value of (10) ten Saudi riyals per share. Its purposes, according to its articles of incorporation, are as follows:

- Financial and insurance activities.

Representation of Alkhabeer Saudi Private Equity Fund 2: As investment funds do not have an independent legal entity, Khabeer Althaniah Investment Company is a special purpose vehicle used in the legal structure of Alkhabeer Saudi Private Equity Fund 2 (referred to as the «Fund») which is managed by Alkhabeer Capital, in which Alinma Investment Company acts as a custodian. Accordingly, Khabeer Althaniah Investment Company owns shares in the Company for and on behalf of the Fund, amounting to (630,673) six hundred and thirty thousand six hundred and seventy-three ordinary shares, representing 6.64% of the Company's total shares, as of the date of this Document.

Khabeer Althaniah Investment Company does not carry out any business competing with the Company's business, nor does it have any operating revenues, as it does not carry out any operational activity due to its nature, and its primary goal is to represent the Fund.

Based on the legal description and nature of investment funds stipulated in Article (39) of the Capital Market Law that applies to the Fund, Alkhabeer Saudi Private Equity Fund 2 is considered a joint investment program that aims to provide opportunities for its investors to participate collectively in the profits of the program and is managed by the fund manager, Alkhabeer Capital Company. The legal effects of this relationship are considered limited to the fund manager and its unit owners, and do not apply to the Company or its shareholders, and the fund manager alone represents the Fund's interests in the Company.

Rights of unitholders in the Fund: Unitholders in the Fund are considered owners of the net assets of the Fund, and may not exercise any right stipulated by the Companies Law, the Capital Market Law and the regulations issued pursuant thereto, or the Company's Articles of Association, including the right to vote or any rights granted to the Company's shareholders. The Fund also does not interfere in the management of the Company's daily operations, as its role is limited to introducing strategic and operational developments and raising the level of its governance, through the participation of representatives of the Fund Manager in the Company's Board of Directors and relevant committees.

The following table shows the ownership structure of Khabeer Althaniah Investment Company:

Partners	Substantial Shareholders	Nominal value of each share	Nominal value of the shares (SAR)	Ownership percentage
Alinma Investment Company	495	10	4,950	99.00%
Amin Alinma Investment Company	5	10	50	1.00%
Total	500		5,000	100.00%

Source: Al-Mujtama Al-Raida Medical Company

Alinma Investment Company

Alinma Investment Company is a closed Saudi joint stock company under Commercial Registration No. (1010269764) issued from the city of Riyadh on 23/06/1430H (corresponding to 16/06/2009G). It is a company licensed by the Saudi Capital Market Authority under License No. (37-09134) issued on 23/04/1430H (corresponding to 19/04/2009G).

The main headquarters of Alinma Investment Company is located in Riyadh. Its capital amounts to (SAR 1,000,000,000) one billion Saudi riyals, divided into (100,000,000) one hundred million ordinary shares of equal value, with a nominal value of (SAR 10) ten Saudi Riyals per share. It carries out investment fund management activities, managing client portfolios, underwriting, dealing as a principal, dealing as an agent, management, arranging, advising, and custody in securities business. It is considered the investment arm of Alinma Bank and is wholly owned by it.

Alinma Investment Company plays the role of custodian for Alkhabeer Saudi Private Equity Fund 2, which is managed by Alkhabeer Capital Company, in accordance with the custodian services agreement concluded between them on 14/03/1443H (corresponding to 20/10/2021G). The Fund's private placement memorandum, the custodian services agreement, or any other agreement related to the Fund did not state anything that may affect the decision of potential investors to invest in the Company.

Amin Alinma Investment Company

Amin Alinma Investment Company is a single person company with limited liability under Commercial Registration No. (1010896788) issued from Riyadh on 30/11/1438H (corresponding to 22/08/2017G). It is a special purpose company that carries out custody business and activities and is wholly owned by Alinma Investment Company.

The head office of Amin Alinma Investment Company is located in the city of Riyadh. Its capital is (SAR 5,000) five thousand Saudi Riyals, divided into (1,000) thousand shares of equal value. The nominal value of each share is (SAR 5) five Saudi Riyals.

Main Company Activities

The Company carries out its activities under Commercial Registration No. (4030241534) issued from Jeddah on 14/04/1434H (corresponding to 24/02/2013G), which expires on 13/03/1446H (corresponding to 16/09/2024G). The Company operates in the field of operating pharmacies, retailing medicines, pharmaceutical products, cosmetics, toiletries, medical equipment, tools and supplies, and providing pharmaceutical services in the Kingdom of Saudi Arabia. The Company is considered one of the pioneers in the field of comprehensive pharmaceutical and community pharmaceutical services in the Kingdom, The Company is a pioneer in the field of comprehensive community pharmaceutical and medicine service in the Kingdom, as the Company is distinguished by its effective role in serving the community through strategic partnership with the main stakeholders in the field of health care in the Kingdom, the most important of which is the strategic cooperation with the Ministry of Health in coordination and cooperation with one of the Company's semi-governmental clients to disburse prescriptions through (Wasfaty) program issued by primary care centers and government hospitals affiliated with the Ministry of Health and Medical Services in other government sectors in the Kingdom.

The Company has a chain of (157) pharmacies as of the date of this Document, including (125) existing pharmacies and (32) pharmacies under construction and expected to open within the next twelve months. They are spread throughout various regions of the Kingdom of Saudi Arabia, especially in the Western Region. The Company also has an electronic pharmacy through which sales are made online through the Company's website, including providing free delivery service to customers.

According to its Commercial Registration, the Company's main activity is (pharmacy activities), which falls under the activity of **«wholesale and retail trade and repair of motor vehicles and motorcycles»** according to the Standard Activities Guide issued by the Ministry of Commerce, which includes the following:

- Retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

The Company's other activities as in its Commercial Registration are as follows:

- Medical devices and products stores
- Cosmetics stores
- Pharmaceutical stores
- General stores that include a variety of goods
- Dry food stores
- Pharmaceutical laboratories

The Company's activities, according to its Articles of Association, are:

- Real estate activities: real estate activities in owned or rented properties.
- Professional, scientific and technical activities: main office activities (supervision and management of other units in the Company or institution).
- Construction: electrical installations.
- Transportation and storage: storage.
- Wholesale, retail trade and repair of motor vehicles and motorcycles:
Other types of retail sale in non-specialized stores; and the retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

The Company does not carry out its activities except after obtaining the regulatory licenses required by the prevailing regulations in force in the Kingdom of Saudi Arabia. The Company has obtained all the required regulatory licenses, and those licenses are still valid as at the date of this Document, and the Company is constantly working to renew any licenses whose validity date has expired or is about to expire. (Please review Section (3-10) **«Company Licenses and Permits»** of this Document).

The Company carries out its main activities through its headquarters in Jeddah. As of the date of this Document, the Company's Board of Directors declares that the Company does not have any commercial activity or any assets outside the Kingdom. It also declares that there is no intention to make any substantial change to the nature of the Company's activity, and declares that there are no new activities or products.

Company's Vision

Leadership in serving the community for a healthy conscious society.

Company's Mission

Providing comprehensive pharmaceutical services to all segments of the society, and protecting the society from counterfeit and overpriced products, and that's according to the company's motto: (Original Product with Lowest Price).

Company's Strategy

The Company seeks continuous growth through the following:

1. Increasing the Company's market share in the pharmacies and basic consumer goods sector in the Kingdom of Saudi Arabia, and developing the customer base by opening new branches in different cities throughout the Kingdom.
2. Developing its operations by entering into partnerships with international suppliers, expanding the product base it provides, and acquiring warehouses with larger spaces for storage purposes in line with growth.
3. Increasing business volume and returns from it to achieve higher profitability rates for shareholders.
4. Developing the **«Wasfaty»** program alongside a semi-governmental client of the Company, which operates the **«Wasfaty»** program and manages the associated service, which is a service that aims to dispense prescriptions issued by primary care centers and hospitals affiliated with the Ministry of Health and Medical Services in other Government sectors in the Kingdom according to what was stated in the pharmaceutical facilities subscription agreement signed with the aforementioned client.
5. Increasing the market share with the Government sector by operating a larger number of outpatient pharmacies for hospitals and primary health care centers affiliated with the Ministry of Health, in line with the transformational ministerial decision regarding the privatization of health care under the **«National Transformation Program 2020G»** which is one of the programs of the **«Kingdom's Vision 2030G»**, which requires entrusting the task of dispensing medicines, managing pharmacies of Government hospitals and primary health care centers, and securing their needs to the private sector.

Company's Strengths and Competitive Advantages

Following are the Company's most important strengths and competitive advantages:

- The Company has a highly experienced sales team in the pharmacies, medicines and cosmetics sector.
- The Company provides high-quality, integrated products and services to meet customer needs.
- The Company has an effective and highly efficient management in the field of medicines and pharmacies.
- The Company is considered a strategic partner of the Ministry of Health in implementing health care programs and the Ministry's initiatives under the National Transformation Programs 2020G and the Kingdom of Saudi Arabia's Vision 2030G. The Company conducted valuable studies that it submitted to the Ministry of Health regarding the operation of outpatient pharmacies from the Government hospitals and primary health care centers affiliated with the Ministry of Health, which was shown to have achieved high performance rates, according to periodic reports issued by a semi-Governmental entity and a strategic partner of the Ministry of Health in the field of providing medical purchasing, storage and distribution services for medicines, devices and medical supplies in the Kingdom. Accordingly, multiple agreements have been signed to operate external pharmacies for government hospitals in various regions, such as: Jazan General Hospital, Sabya General Hospital, King Abdulaziz Specialist Hospital in Taif, and King Abdulaziz University Hospital in Jeddah.
- The effective role of the Company with the Ministry of Health in coordination with a semi-governmental client of the Company to dispense prescriptions issued by primary care centers and hospitals affiliated with the Ministry of Health and medical services in other Government sectors through the (Wasfaty) program, according to the agreement (subscription of pharmaceutical facilities) signed with the referred client. mechanism.
- Active participation with the Ministry of Health in providing seasonal vaccination services, in addition to monitoring vital indicators for citizens and residents within the national campaign **«Know Your Numbers»**, which commenced in implementing the unified medical file system for all residents of the Kingdom in coordination with the relevant government agencies.
- Continuous cooperation with a number of educational institutions (such as King Abdulaziz University in Jeddah) to provide social responsibility services, workshops, and contribute to scientific research aimed at developing the pharmacy profession and the pharmaceutical sector, and training internship students at the College of Pharmacy, as the Company provides continuous support for College of Pharmacy students throughout their years of study and even after graduation by providing continuous training in the Company's pharmacies and providing opportunities for employment and promotion to senior positions in the Company.
- Leadership in providing items and medicines that were not available in the Community pharmacies in the past, where AlMujtama pharmacies played a pivotal role in providing therapeutic groups with their various commercial names, making them on the list and proposing their availability in AlMujtama pharmacies. In addition, the Company provided pharmaceutical services that were not provided in AlMujtama pharmacies previously, as the Company's management is working and coordinating to achieve integration between AlMujtama pharmacies and various official health institutions to form a strategic partnership that enhances participation not only in providing medicines and supplies, but also in exchanging information on inventory levels, consumption, movement of items, and the supply chain through the (RSD) program to achieve drug traceability and security.
- The Company's contribution to raising statistics and the movement of therapeutic groups in its pharmacies, which would provide governmental and semi-governmental health agencies with the necessary information to develop plans to reduce chronic diseases, work to reduce their high rates, and intensify campaigns to prevent them. The Company also participates in many initiatives, such as reporting medication errors under the supervision of the Saudi Patient Safety Center and reporting side effects of medications through the Saudi Vigilance Program under the supervision of the Saudi Food and Drug Authority.

- Providing integrated pharmaceutical services to all segments of society and protecting society from counterfeit products and exaggerated prices under the slogan (the original product at the lowest price), which the Company raised in order to achieve the goals sought by both the Ministry of Health and the Ministry of Commerce to combat fraud and counterfeiting, and in an effort to achieve customer satisfaction and confidence in the products that the Company offers them, as the Company is keen that all items that it places in the hands of customers are from the only official source, the **«agent»** approved by Government agencies, and that they are available to customers at the best price.
- Establishing an electronic pharmacy for the Company, as the Company obtained an electronic pharmacy license on 05/09/1441H (corresponding to 28/04/2020G). The electronic pharmacy played an important role during the (Covid-19) pandemic, making AlMujtama pharmacies among the few community pharmacies approved to dispense preventive medications, sterilizers, and masks. The electronic pharmacy has also developed its activity in the field of patient service, providing drug information, directing customers in the event of medication interruption, and finding alternatives, which has made many AlMujtama pharmacy branches accredited as reference pharmacies by the entity providing the (Wasfaty) service.
- The Company has more than 700,000 distinguished customers who enjoy the advantages of the Company's **«Excellence Customer»** program, which gives its members and subscribers points that enable them to obtain free goods equivalent to 3% of the value of their purchases from the Company's pharmacies, and their validity expires at the end of each calendar year.
- The Company's strengths and competitive advantages have provided greater opportunities to enter into competitions for Government projects and sign many agreements with Government therapeutic institutions (for more information, please see Section No. (3-20) **«Research and Development Policy»**).

Summary of Financial Information

The summary of the financial statements provided below should be read in conjunction with the audited financial statements for the fiscal year ended on 31/12/2022G, including the accompanying notes attached thereto, and the reviewed financial statements for the six-month period ended on 30/06/2023G, including the notes attached thereto. The comparative figures for the fiscal year ended on 31/12/2021G were extracted from the audited financial statements for the fiscal year ended on 31/12/2022G, and the comparative figures for the financial period ended on 30/06/2022G were extracted from the audited financial statements for the fiscal period ended on 30/06/2023G.

Statement of income (SAR)	Fiscal year ended 31/12/2021G (Audited)	Fiscal year ended 31/12/2022G (Audited)	Financial period ended on 30/06/2022G (Reviewed)	Financial period ended on 30/06/2023G (Reviewed)
Revenues	304,497,594	367,075,487	171,801,800	204,133,493
Cost of sales	(219,114,677)	(248,362,426)	(118,296,492)	(137,446,963)
Gross profit	85,382,917	118,713,061	53,505,308	66,686,530
Selling and distribution expenses	(69,652,872)	(85,713,192)	(39,150,008)	(48,721,039)
General and administrative expenses	(7,135,918)	(8,901,215)	(4,847,360)	(4,803,815)
Operating profit	8,594,127	24,098,654	9,507,940	13,161,676
Financing expenses	(2,580,867)	(4,412,535)	(2,900,235)	(2,580,465)
Other Revenue	2,304,376	1,489,066	1,038,387	2,149,229
Profit before Zakat	8,317,636	21,175,185	7,646,092	12,730,440
Net profit for the financial period	7,810,295	19,077,508	6,840,362	11,332,480
Other comprehensive income (other comprehensive loss) (remeasurement of defined employee benefit obligations)	(9,596)	2,865,388	2,187,353	(290,615)
Net profit	7,800,699	21,942,896	9,027,715	11,041,865

Source: The audited financial statements for the fiscal year ended on 31/12/2022G and the reviewed financial statements for the six-month period ended on 30/06/2023G.

Financial Position (SAR)	Fiscal year ended 31/12/2021G (Audited)	Fiscal year ended 31/12/2022G (Audited)	Financial period ended on 30/06/2023G (Reviewed)
Current Assets	152,120,178	159,964,988	178,369,083
Non-current assets	151,117,350	174,460,920	226,703,822
Total assets	303,237,528	334,425,908	405,072,905
Current liabilities	191,216,673	107,768,128	141,594,424
Non-current liabilities	103,317,970	108,063,267	133,842,103
Total Liabilities	294,534,643	215,831,395	275,436,527
Total Equity	8,702,885	118,594,513	129,636,378
Total equity and liabilities	303,237,528	334,425,908	405,072,905

Source: The audited financial statements for the fiscal year ended on 31/12/2022G and the reviewed financial statements for the six-month period ended on 30/06/2023G.

Statement of Cash Flows (SAR)	Fiscal year ended 31/12/2021G (Audited)	Fiscal year ended 31/12/2022G (Audited)	Financial period ended on 30/06/2022G (Reviewed)	Financial period ended on 30/06/2023G (Reviewed)
Cash and cash equivalents at the beginning of the financial period	2,042,130	4,217,396	4,217,396	4,054,705
Net cash generated from operating activities	17,275,609	18,539,600	23,695,764	45,190,388
Net cash used in investing activities	(7,328,673)	(19,580,261)	(8,318,978)	(24,807,489)
Net cash generated from financing activities	(9,835,482)	877,970	8,170,118	(17,040,135)
Cash and cash equivalents at the end of the financial period	4,217,396	4,054,705	27,764,300	7,397,469

Source: The audited financial statements for the fiscal year ended on 31/12/2022G and the reviewed financial statements for the six-month period ended on 30/06/2023G.

Key Performance Indicators	Fiscal year ended 31/12/2021G (Audited)	Fiscal year ended 31/12/2022G (Audited)	Financial period ended on 30/06/2022G (Reviewed)	Financial period ended on 30/06/2023G (Reviewed)
Revenue growth rate	22.60%	20.55%	N/A	18.82%
Gross profit margin (1)	28.04%	32.34%	31.14%	32.67%
Net profit margin (2)	2.56%	5.20%	3.98%	5.55%
Net profit growth rate for the financial period	0.54%	144.26%	N/A	65.67%
Ratio of revenues to total assets	100.42%	109.76%	N/A	50.39%
The ratio of total liabilities to total equity	3384.33% *	181.99%	N/A	212.47%
The ratio of total liabilities to total assets	97.13%	64.54%	N/A	68.00%
Total assets to total liabilities (times)	1.03	1.55	N/A	1.47
Working capital ratio (current ratio) (3)	0.80	1.48	N/A	1.26
Net profit return on assets ratio (4)	2.58%	5.70%	N/A	2.80%
Ratio of net profit return on equity (5)	89.74% *	16.09%	N/A	8.74%
Inventory turnover rate per financial period (times)	1.95	1.89	N/A	0.99
Number of days of inventory (day)	187	193	N/A	184

Source: The audited financial statements for the fiscal year ended on 31/12/2022G and the reviewed financial statements for the six-month period ended on 30/06/2023G.

1. Gross profit margin is defined as the gross profit from the activity divided by revenue, and it's a percentage.
 2. Net profit margin is defined as net profit after Zakat divided by revenue, and it's a percentage.
 3. Working capital ratio (current ratio) is calculated as follows: Total current assets / Total current liabilities.
 4. Net profit return on assets is calculated as follows: net profit after Zakat for the financial period divided by total assets at the end of the financial period.
 5. Net profit return on equity is calculated as follows: net profit after Zakat for the financial period divided by the total equity at the end of the financial period.
- * The total balance of liabilities for the year 2021 includes balances due to related parties that were capitalized during the year 2022 and calculated within the equity balance, as the balance due to related parties amounted to (68,395,262) Saudi Riyals as of 31/12/2021.

Note: Percentages are rounded.

Summary of Risk Factors

A. Risks related to the Company's activity and operations

1. Risks of non-compliance with the companies' law and the Company's articles of association
2. Risks of the recent formation of the Board of Directors and committees and the failure to apply governance rules
3. Risks associated with lack of experience in managing listed companies
4. Risks related to non-compliance with the Capital Market system and its implementing regulations
5. Risks of management decisions
6. Risks related to employee errors or misconduct
7. Risks of non-compliance with the terms and covenants of existing credit facilities
8. Risks of Liquidity and Accounts Payable of the Company
9. Risks related to the availability of financing in the future
10. Credit-related risks
11. Risks related to potential liabilities
12. Risks related to transactions with related parties
13. Risks related to leasing sites for new pharmacies or renewing existing lease contracts on acceptable commercial terms
14. Risks related to the occurrence of natural disasters
15. Risks related to the increase in the Company's operating expenses
16. Risks related to the Company's ability to maintain supplier support and incentives
17. Risks related to the increasing volume of sales and forward collections
18. Risks related to poor inventory management
19. Risks related to non-compliance with legislation or failure to obtain or renew the necessary licenses, permits and certificates
20. Risks associated with the Company's product quality issues
21. Risks related to the Company's essential agreements
22. Risks related to payment transactions with credit cards and mada cards
23. Risks related to potential legal zakat dues and additional claims
24. Risks of difficulty recruiting personnel with experience in the pharmaceutical sector
25. Risks related to dependence on suppliers
26. Risks related to the concentration of the Company's revenues
27. Risks related to the Company's dealings with government agencies
28. Risks of relying on non-Saudi employees
29. Risks of relying on key employees and executive management
30. Risks related to government fees applied to non-Saudi employees
31. Risks of unavailability of insurance coverage
32. Risks related to a decline in the number of visitors or a decrease in the level of spent on the Company's products

33. Risks related to protecting trademarks and property rights
34. Risks related to the inability to implement the Company's strategic plan
35. Risks related to lawsuits and fines
36. Risks related to the Coronavirus (Covid-19) pandemic
37. Risks related to electricity expenses
38. Risks of geographical concentration
39. Risks related to exclusive rights in the pharmaceutical and health products market
40. Risks related to the regulatory requirements imposed by the Food and Drug Authority and the Ministry of Health
41. Risks related to cash sales
42. Risks related to the renovation and redevelopment of the Company's pharmacies
43. Risks related to the stability of the operating profit margin ratio
44. Risks related to waste treatment procedures and fees
45. Risks related to refusal of agents to compensate pharmacies for the difference in the price of medicines after they were reduced by the Food and Drug Authority.
46. Risks related to the periodic fluctuation of the number of pharmacies
47. Risks related to the provision of narcotic drugs and psychotropic substances
48. Risks related to health mistakes
49. Risks related to seasonal factors
50. Risks related to the e-commerce platform
51. Risks related to IT network failures
52. related to a member of the Board of Directors engaging in business that is competitive with the Company's business
53. Risks related to the account of projects under implementation
54. Risks related to the item of Improvements to Third Party Properties
55. Risks related to the presence of one family controlling both the Company's board of directors and executive management
56. Risks related to the possibility of a disposition by agreement between a group of shareholders from the same family

B. Risks related to the market and sector in which the Company operates

1. Risks related to political, security and economic variables
2. Risks related to increasing competition factors in the sector in which the Company operates
3. Risks related to the requirements of the labor system and Saudization
4. Risks related to value added tax
5. Risks associated with the mandatory implementation of the Corporate Governance Regulations
6. Risks of changes in relevant laws and regulations

7. Risks related to raising government fees applied to non-Saudi workers
8. Risks of growth opportunities
9. Risks of natural disasters such as floods, earthquakes and other events
10. Risks of interest rate fluctuation
11. Risks related to the imposition of new fees or taxes

C. Risks related to shares that will be listed directly in the parallel market

1. Risks related to potential fluctuations in the share price
2. Liquidity risk of the Company's shares
3. The risks of restricting trading in the parallel market to qualified investors
4. Risks related to future data
5. Risks of selling or offering additional shares in the future
6. Risks of not distributing Dividends to shareholders
7. Risks associated with actual control by current shareholders after listing
8. Risks associated with the lack of a prior market for the Company's shares
9. Risks associated with selling a large number of shares in the market after the listing process
10. Risks that the Company will not be able to meet the current requirements for moving to the main market or any future regulatory requirements
11. Risks associated with not having a specific number of shares allocated for sale
12. Risk of the historical prices of buying and selling transactions differing from the opening price on the first day of trading of the Company's shares in the parallel market
13. The risk of fluctuations in the Company's share price compared to the share prices of companies offered in an initial offering, as there is no specific price for the offering in the case of direct listing.
14. The risks of direct listing differing from listing through an initial public offering
15. Risks related to the Company's desire to continue in the parallel market

Table of Contents

1. Definitions and Abbreviations	10
2. Risk Factors	19
2-1 Risks related to the Company's activity and operations	19
2-1-1 Risks of non-compliance with the companies' law and the Company's articles of association....	19
2-1-2 Risks of non-compliance with the companies' law and the Company's articles of association ..	20
2-1-3 Risks associated with lack of experience in managing listed companies	20
2-1-4 Risks related to non-compliance with the Capital Market system and its implementing regulations	20
2-1-5 Risks of management decisions	20
2-1-6 Risks related to employee errors or misconduct.....	21
2-1-7 Risks of non-compliance with the terms and covenants of existing credit facilities	21
2-1-8 Risks of Liquidity and Accounts Payable of the Company	21
2-1-9 Risks related to the availability of financing in the future	21
2-1-10 Credit-related risks	22
2-1-11 Risks related to potential liabilities	23
2-1-12 Risks related to transactions with related parties.....	23
2-1-13 Risks related to leasing sites for new pharmacies or renewing existing lease contracts on acceptable commercial terms	25
2-1-14 Risks related to the occurrence of natural disasters.....	25
2-1-15 Risks related to the increase in the Company's operating expenses	25
2-1-16 Risks related to the Company's ability to maintain supplier support and incentives.....	26
2-1-17 Risks related to the increasing volume of sales and forward collections.....	26
2-1-18 Risks related to poor inventory management.....	26
2-1-19 Risks related to non-compliance with legislation or failure to obtain or renew the necessary licenses, permits and certificates.....	28
2-1-20 Risks associated with the Company's product quality issues	29
2-1-21 Risks related to the Company's essential agreements.....	29
2-1-22 Risks related to payment transactions with credit cards and mada cards.....	29
2-1-23 Risks related to potential legal zakat dues and additional claims	29
2-1-24 Risks of difficulty recruiting personnel with experience in the pharmaceutical sector	30
2-1-25 Risks related to dependence on suppliers	30
2-1-26 Risks related to the concentration of the Company's revenues.....	30
2-1-27 Risks related to the Company's dealings with government agencies	30

Table of Contents

2-1-28 Risks of relying on non-Saudi employees.....	31
2-1-29 Risks of relying on key employees and executive management.....	32
2-1-30 Risks related to government fees applied to non-Saudi employees.....	32
2-1-31 Risks of unavailability of insurance coverage	32
2-1-32 Risks related to a decline in the number of visitors or a decrease in the level of spent on the Company's products.....	33
2-1-33 Risks related to protecting trademarks and property rights	33
2-1-34 Risks related to the inability to implement the Company's strategic plan.....	33
2-1-35 Risks related to lawsuits and fines.....	34
2-1-36 Risks related to the Coronavirus (Covid-19) pandemic.....	36
2-1-37 Risks related to electricity expenses	37
2-1-38 Risks of geographical concentration	37
2-1-39 Risks related to exclusive rights in the pharmaceutical and health products market.....	38
2-1-40 Risks related to the regulatory requirements imposed by the Food and Drug Authority and the Ministry of Health	38
2-1-41 Risks related to cash sales	38
2-1-42 Risks related to the renovation and redevelopment of the Company's pharmacies	38
2-1-43 Risks related to the stability of the operating profit margin ratio	39
2-1-44 Risks related to waste treatment procedures and fees	39
2-1-45 Risks related to refusal of agents to compensate pharmacies for the difference in the price of medicines after they were reduced by the Food and Drug Authority.....	39
2-1-46 Risks related to the periodic fluctuation of the number of pharmacies.....	39
2-1-47 Risks related to the provision of narcotic drugs and psychotropic substances	40
2-1-48 Risks related to health mistakes.....	40
2-1-49 Risks related to seasonal factors.....	40
2-1-50 Risks related to the e-commerce platform.....	40
2-1-51 Risks related to IT network failures.....	41
2-1-52 Risks related to a member of the Board of Directors engaging in business that is competitive with the Company's businesses.....	41
2-1-53 Risks related to the account of projects under implementation	42
2-1-54 Risks related to the item of Improvements to Third Party Properties.....	43
2-1-55 Risks related to the presence of one family controlling both the Company's board of directors and executive management	43

Table of Contents

2-1-56 Risks related to the possibility of a disposition by agreement between a group of shareholders from the same family.....	43
2-2 Risks related to the market and sector in which the Company operates.....	44
2-2-1 Risks related to political, security and economic variables.....	44
2-2-2 Risks related to increasing competition factors in the sector in which the Company operates.	44
2-2-3 Risks related to the requirements of the labor system and Saudization.....	44
2-2-4 Risks related to value added tax	45
2-2-5 Risks associated with the mandatory implementation of the Corporate Governance Regulations	45
2-2-6 Risks of changes in relevant laws and regulations	46
2-2-7 Risks of changes in relevant laws and regulations.....	46
2-2-8 Risks of growth opportunities	46
2-2-9 Risks of natural disasters such as floods, earthquakes and other events.....	46
2-2-10 Risks of interest rate fluctuations	47
2-2-11 Risks related to the imposition of new fees or taxes.....	47
2-3 Risks related to shares that will be listed directly in the parallel markets	47
2-3-1 Risks related to potential fluctuations in the share price	47
2-3-2 Liquidity risk of the Company's shares.....	47
2-3-3 The risks of restricting trading in the parallel market to qualified investors	47
2-3-4 Risks related to future data	48
2-3-5 Risks of selling or offering additional shares in the future	48
2-3-6 Risks of not distributing Dividends to shareholders	48
2-3-7 Risks associated with actual control by current shareholders after listing	48
2-3-8 Risks associated with the lack of a prior market for the Company's shares.....	48
2-3-9 Risks associated with selling a large number of shares in the market after the listing process.	49
2-3-10 Risks that the Company will not be able to meet the current requirements for moving to the main market or any future regulatory requirements	49
2-3-11 Risks associated with not having a specific number of shares allocated for sale.....	49
2-3-12 Risk of the historical prices of buying and selling transactions differing from the opening price on the first day of trading of the Company's shares in the parallel market	49
2-3-13 The risk of fluctuations in the Company's share price compared to the share prices of companies offered in an initial offering, as there is no specific price for the offering in the case of direct listing. .	50
2-3-14 The risks of direct listing differing from listing through an initial public offering	50

Table of Contents

2-3-15 Risks related to the Company's desire to continue in the parallel market	50
3. The Company	52
3-1 Issuer's Background and Nature of Business	52
3-2 Company's Incorporation and most Significant Developments in the Capital Structure	53
3-3 Company's Vision.....	61
3-4 Company's Mission	61
3-5 Company's Strategy	61
3-6 Company's Strengths and Competitive Advantages	61
3-7 Main Company's Activities	63
3-8 Company's Pharmacies	64
3-8-1 An overview of the Company's Network.....	64
3-8-2 An overview of the Company's products	64
3-8-3 An overview of the services provided by the Company	65
3-9 Commercial Registrations	66
3-10 Company's Licenses and Permits	70
3-11 Agreements with major Suppliers	72
3-12 Transactions with major suppliers	74
3-13 Company's Revenues	75
3-13-1 Revenues according to customer classification	75
3-13-2 Revenues according to geographical distribution	76
3-13-3 Revenues by product type.....	77
3-14 Company's warehouses and transportation fleet.....	78
3-15 Lease contracts.....	81
3-15-1 Main office lease contract	81
3-15-2 Warehouses lease contracts	81
3-15-3 Lease contracts for major pharmacies	83
3-16 Trademarks and Copyrights.....	85
3-17 Insurance agreements	86
3-18 Contracts with related parties.....	87
3-19 Substantial Agreements of the Company.....	88
3-20 Research and Development Policy	90
3-21 Business Interruption	93
3-22 Employees and Saudization	93

Table of Contents

3-22-1 Employees	93
3-22-2 Saudization	95
3-23 Social Responsibility	95
4. Ownersip Structure and Organization Structure	99
4-1 Company's ownership structure before listing	99
4-2 Substantial Shareholders who own directly 5% or more of the Company Shares	101
4-3 Substantial Shareholders who own indirectly 5% or more of the Company Shares	101
4-4 Shareholding Company in Al-Mujtama Al-Raida Medical Company	102
4-4-1 Khabeer Althaniah Investment Company	102
4-5 Alkhabeer Capital Company - Manager of Alkhabeer Saudi Private Equity Fund 2	103
4-6 Organization Structure of the Company	108
4-7 Members of the Board of Directors	109
4-7-1 Responsibilities of the Chairman of the Board of Directors, Deputy Chairman of the Board of Directors and Managing Director	109
4-7-2 Responsibilities of the Board of Directors	111
4-7-3 Secretary of the Board of Directors	116
4-8 Board Committees	117
4-8-1 Audit Committee	117
4-8-2 Nominations and Remuneration Committee	120
4-9 Executive Management	121
5. Dividends Policy	129
6. Costs of Direct Listing	131
7. Declarations	133
8. Information Related to the Shares and Listing Terms and Conditions	135
8-1 Application for Registration of Shares in the Parallel Market	135
8-2 The indicative share price upon listing and the nominal value of each share	135
8-3 Times and Circumstances where the Company's share may be Suspended	136
8-3-1 Suspension or cancelation of Listing	136
8-3-2 Voluntary Cancellation or Suspension of Listing	138
8-3-3 Temporary Trading Suspension	138
8-3-4 Lifting of Suspension	139
8-3-5 Re-Registering and Admission of Listing of Cancelled Securities	139
8-4 Decisions and approvals under which the Shares will be offered	139

Table of Contents

8-5 Existing arrangements to prevent disposal of certain shares (Lock-Up Period)	140
8-6 Overview of the Saudi Stock Exchanges (Saudi Tadawul)	140
9. Documents Available for Inspection	142
10. Auditor's Report	144
10-1 The audited financial statements for the fiscal year ended on 31/12/2022G.	144
10-2 The Reviewed financial statements for the 6 months period ended on 30/06/2023.	186

Index of Tables

Table 1: Accounts Receivable	22
Table 2: Aging of accounts receivables.....	22
Table 3: Transactions with related parties	23
Table 4: Inventory turnover rate	27
Table 5: Inventory obsolescence ages	27
Table 6: Company lawsuits	34
Table 7: Account details for projects under implementation.....	42
Table 8: Ownership structure as of 25/09/2019G.....	54
Table 9: Ownership structure as of 19/02/2019G	54
Table 10: Ownership structure as of 24/11/2021G	55
Table 11: Ownership structure as of 24/02/2022G.....	55
Table 12: Ownership structure as of 03/04/2022G.....	56
Table 13: Current Company Ownership Structure	57
Table 14: Changes in the Company's incorporation date and capital	57
Table 15: Commercial Registrations	66
Table 16: Licenses related to the Company's operations	70
Table 17: Agreements with major suppliers	72
Table 18: Transactions with major suppliers	74
Table 19: Company revenues according to customer classification.....	76
Table 20: Company revenues according to geographical distribution	76
Table 21: Company revenues by product type	77
Table 22: Company warehouses	78
Table 23: Goods transport fleet.....	79

Index of Tables

Table 24: Head office lease contract	81
Table 25: Warehouses lease contracts	82
Table 26: Rent of major pharmacies.....	83
Table 27: Trade Mark	85
Table 28: Insurance agreements	86
Table 29:contracts with related parties	87
Table 30: Substantial agreements concluded by the company	88
Table 31 : Studies conducted by the Company	90
Table 32: Numbers of Company Employees	93
Table 33: Numbers of Company Employees per department	94
Table 34: Company ownership structure before listing	99
Table 35 : Substantial Shareholders who own directly 5% or more of the Company shares	101
Table 36 : Substantial Shareholders who own indirectly 5% or more of the Company Shares	101
Table 37: Ownership structure of Khabeer Althaniah Investment Company	102
Table 38: Direct and indirect ownership of members of the Board of Directors of the Alkhabeer Saudi Private Equity Fund 2	104
Table 39: Direct and indirect ownership of members of the Board of Directors of Alkhabeer Capital Company.....	105
Table 40: Unitholders in Alkhabeer Saudi Private Equity Fund 2 who own 5% or more of the Company's shares directly or indirectly	105
Table 41: Indirect beneficial ownership in the Company by members of the Board of Directors of the Alkhabeer Saudi Private Equity Fund 2.....	106
Table 42: Indirect beneficial ownership in the Company by members of the Board of Directors of Alkhabeer Capital Company.....	106
Table 43: Indirect beneficial ownership in the Company for Substantial Shareholders of Alkhabeer Capital Company who own 5% or more of its shares	107
Table 44: Members of the Board of Directors	112
Table 45: Biography of the Chairman of the Board of Directors	113
Table 46: Biography of the Deputy Chairman of the Board of Directors	113
Table 47: Biography of the Managing Director of the Board of Directors.....	114
Table 48: Biography of a member of the Board of Directors.....	115
Table 49: Biography of a member of the Board of Directors.....	115
Table 50: Biography of the Secretary of the Board of Directors	116

Index of Tables

Table 51: Audit Committee members	118
Table 52: Biography of the Chairman of the Audit Committee	118
Table 53: Biography of the Audit Committee member	119
Table 54: Biography of the Audit Committee member	120
Table 55: Members of the Nominations and Remuneration Committee	121
Table 56: The company's executive management	122
Table 57: Biography of a member of the executive management	123
Table 58: Biography of a member of the executive management	123
Table 59: Biography of a member of the executive management	124
Table 60: Biography of a member of the executive management	124
Table 61: Biography of a member of the executive management	124
Table 62: Biography of a member of the executive management	125
Table 63: Biography of a member of the executive management	125
Table 64: Biography of a member of the executive management	125
Table 65: Biography of a member of the executive management	126
Table 66: Biography of a member of the executive management	126
Table 67: Biography of a member of the executive management	126
Table 68: Biography of a member of the executive management	127
Table 69: Sequence of sessions	136

Index of Tables

Figure (1): The Company's ownership structure as of this Document date	100
Figure (2): The Company's organizational structure	108



(1)

Definitions and Abbreviations

1. Definitions and Abbreviations

The following table provides a list of definitions and abbreviations for terms used in this registration document:

Term	Definition
The Company or the Issuer	Al-Mujtama Al-Raida Medical Company, a closed joint stock company
Management, Senior Management or Executive Management	Management of Al-Mujtama Al-Raida Medical Company.
Board or Board of Directors	The Company's Board of Directors whose names appear on page No. (v) of this Document.
Bylaws	Bylaws of The Company.
Ministry of Commerce	Ministry of Commerce in the Kingdom of Saudi Arabia.
Share registration	File an Application with the Authority to register the Company's shares for the purpose of direct listing in the Parallel Market.
Direct Listing	Direct listing of the Company's shares in the list of companies listed in the Parallel Market and approval of their trading.
Indicative share price upon listing	(SAR 40) Forty Saudi riyals per share.
Shares of existing shareholders before listing	100% of the Company's total capital shares, which amount to (9,500,000) nine million five hundred thousand ordinary shares.
Share	An ordinary share at a nominal value of ten (SAR 10) Saudi riyals of the shares of Al-Mujtama Al-Raida Medical Company.
Nominal Value	The nominal value of the Company's share, which is (SAR 10) ten Saudi Riyals per share.
Voting Rights	Voting rights in the Company's general assemblies. The Company has only one class of shares, which is ordinary shares. No shareholder has preferential voting rights. Each share gives its holder one vote, and each shareholder, regardless of the number of shares he owns, has the right to attend and vote in the general assembly.
Person	A natural or legal person.
Investor	Every person who invests in the shares subject to direct listing after their listing in the Parallel Market.

Term	Definition
Shareholder or Shareholders	Holder of shares or shareholders of the Company at any time.
Current shareholders	The shareholders whose names are shown in Section No. (4-1) «The Company's Ownership Structure Before Listing» of this Document.
Substantial Shareholders	They are the shareholders who own 5% or more of the Company's Shares, and whose names appear on page No. (xx and xxi) of this Document.
Registration Document/the Document	This Registration Document is the document required to register shares with the Authority for the purpose of direct listing in the Parallel Market, in accordance with the Rules on the Offer of Securities and Continuing Obligations.
Parallel Market «Nomu»	The market in which the Company's shares are traded and which has been registered and accepted for listing under the «Rules on the Offer of Securities and Continuing Obligations» and «Listing Rules» in the Kingdom of Saudi Arabia.
Advisor	The Company's advisors whose names appear on page (vii).
Financial Advisor	Aldukheil Financial Group Company
Kingdom or Saudi Arabia	Kingdom of Saudi Arabia
Government	Government of the Kingdom of Saudi Arabia.
Capital Market Authority or the Authority or CMA	The Capital Market Authority of the Kingdom of Saudi Arabia.
Saudi Tadawul Group, stock market, the Exchange, or the market	The Saudi Stock Exchange (Tadawul).
Tadawul	The automated system for trading shares in the Saudi Stock Exchange.
SOCPA	Saudi Organization for Auditors and Accountants (Saudi Organization for Certified Public Accountants).
Zakat, Tax and Customs Authority	Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia is one of the government agencies that are organizationally linked to the Minister of Finance, and it is the agency entrusted with the work of Zakat and Tax collection.
Ministry of Health	Ministry of Health in the Kingdom of Saudi Arabia is the ministry that oversees healthcare and health policy in the Kingdom.

Term	Definition
Saudi Food & Drug Authority	Saudi Food & Drug Authority was established pursuant to Cabinet Resolution No. (1) dated 07/01/1424H (corresponding to 10/03/2003G) as an independent body with a legal entity and directly linked to the Prime Minister, and entrusted with all procedural, executive and supervisory tasks carried out by the existing authorities. Currently, to ensure the safety of food and medicine for humans and animals, and the safety of biological and chemical preparations, as well as electronic products that affect human health.
Ministry of Human Resources and Social Development	Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
Ministry of Municipal and Rural Affairs and Housing	Ministry of Municipal and Rural Affairs and Housing in the Kingdom of Saudi Arabia.
Civil Defense	General Directorate of Civil Defense in the Kingdom of Saudi Arabia.
Fiscal year/fiscal years	It is the period of time for presenting the results of the entity's activity and whose beginning and end are specified in the Articles of Association or Articles of Association of the concerned company. Noting that The Company's financial year ends on December 31 of each Gregorian year.
Financial Statements	The Company's audited financial statements for the financial year ended on 31/12/2022G and the Company's reviewed financial statements for the financial period ended on 30/06/2023G, which were prepared in accordance with the International Financial Reporting Accounting Standards (IFRS) approved by the Saudi Organization for Auditors and Accountants (SOCPA).
Listing	Listing the Company's shares in the Parallel Market and approving the trading of its shares.

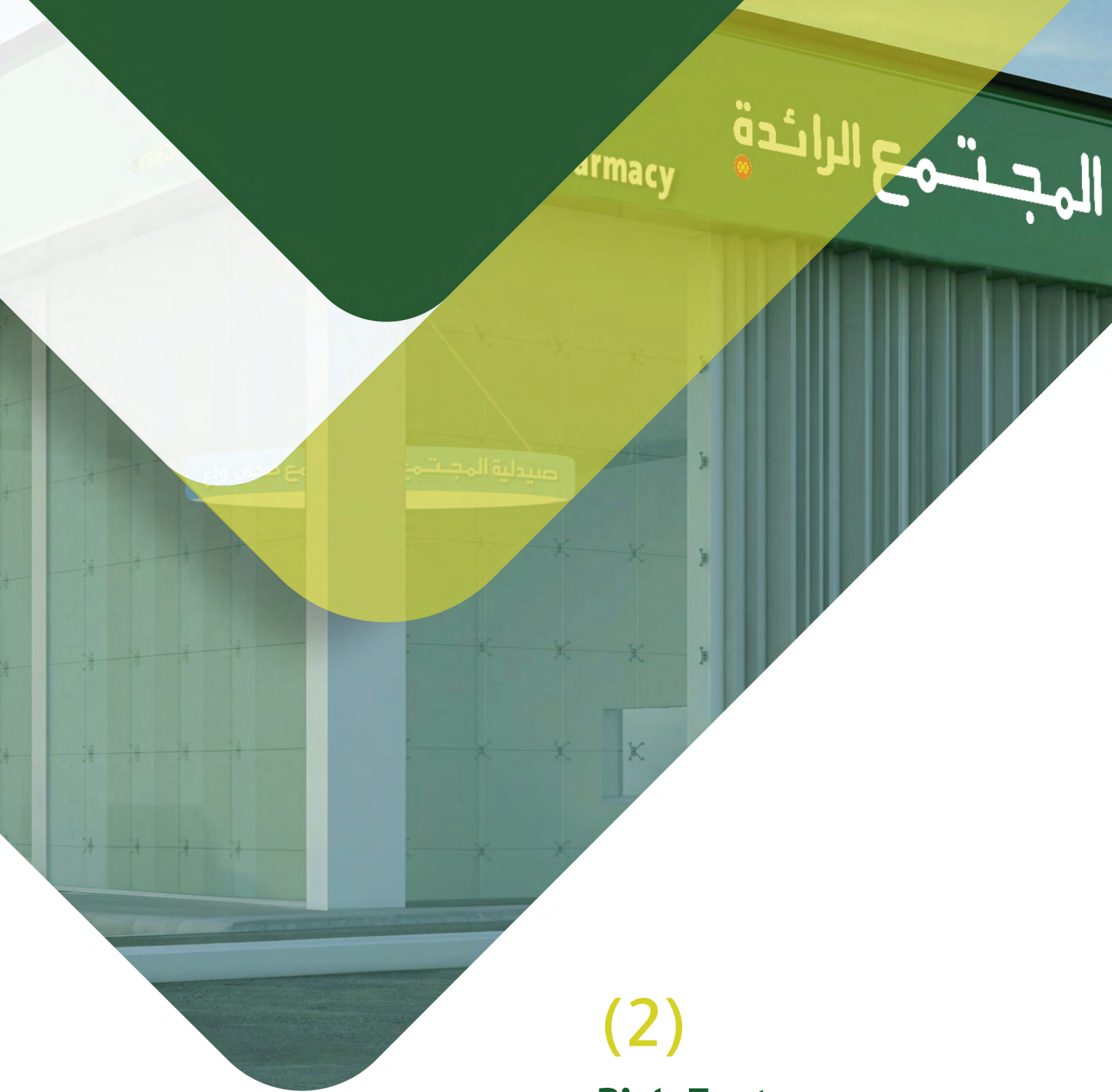
Term	Definition
Qualified Investor or Qualified Investors	<p>Following are the targeted categories of Investors:</p> <ol style="list-style-type: none"> 1. Financial market institutions acting on their own account. 2. Clients of a financial market institution licensed to conduct management business, provided that the financial market institution has been appointed on conditions that enable it to take decisions regarding accepting participation in the Offering and investing in the Parallel Market on behalf of the client without the need to obtain prior consent from him. 3. The government of the Kingdom, or any governmental agency, or any international body recognized by the Authority, or the Exchange, and any other capital market recognized by the Authority, or the Depository Center. 4. Companies owned by the government, directly or through a portfolio managed by a capital market institution licensed to engage in management business. 5. Companies and funds established in the GCC states. 6. Investment funds 7. Non-resident foreigners who are allowed to invest in the Parallel Market and who meet the requirements stipulated in the guideline for investment of non-resident foreigners in the Parallel Market. 8. Qualified foreign financial institutions. 9. Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center. 10. Natural persons who may open an investment account in the Kingdom and an account with the Depository Center, and each fulfill any of the following criteria: <ol style="list-style-type: none"> a. He must have carried out transactions in the securities markets with a total value of not less than forty million Saudi Riyal and no less than ten transactions in each quarter during the past twelve months. b. His net assets value shall not be less than five million Saudi Riyal. c. He is working or has worked for at least three years in the financial sector. d. He holds a general certificate for dealing in securities approved by the Authority. e. He holds a professional certificate specialized in the field of securities business approved by an internationally recognized body. 11. Any other persons designated by the Authority
Rules on the Offer of Securities and Continuing Obligations	<p>The Rules on the Offer of Securities and Continuing Obligations issued by the board of the Capital Market Authority under resolution no, 3-123-2017, dated 09/4/1439H (Corresponding to 27/12/2017G), based on the Capital Market Law issued under Royal Decree no. m/30, dated 02/06/1424H (Corresponding to 01/08/2003G), and amended under the Capital Market Authority Board resolution no. 8-5-2023, dated 25/06/1444H (corresponding to 18/01/2023G) and amendments.</p>

Term	Definition
Listing Rules	Listing Rules promulgated by a decision of the Board of the Capital Market Authority No. (3-123-2017), dated 9/4/1439H (corresponding to 27/12/2017G), and amended by the decision of the Board of the Capital Market Authority No. (1-104-2019) dated 01/02/1441H (corresponding to 30/9/2019G), and amended by the Authority's Board Resolution No. (1-22-2021) dated 7/12/1442H (corresponding to 24/02/2021G), and amended by its Resolution No. (1-19-2022) dated 12/07/1443H (corresponding to 13/02/2022G), and amended by Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G), and amended by Resolution No. (3-96-2022) dated 10/02/1444H (corresponding to 06/09/2022G), and amended by Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G).
Companies Law	Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H (corresponding to 30/06/2022G), Which entered into force on 26/06/1444H (corresponding to 19/01/2023G).
Corporate Governance Regulations	Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by the board of the Capital Market Authority under resolution no. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued under Royal Decree No. m/3, dated 28/01/1437H (corresponding to 10/11/2015G) and amended by the Capital Market Authority resolution of No. 8-5-2023, dated 25/06/1444H (corresponding to 18/01/2023G) and amendments.
Nitaqat / Saudization Program	Labor regulations in the Kingdom of Saudi Arabia require companies operating in the Kingdom to employ a certain percentage of Saudis.
International Financial Reporting Standards (IFRS)	The Saudization program (Nitaqat) was approved pursuant to Ministry of Labor Resolution No. (4040), dated 12/10/1422H (corresponding to 10/09/2011G) based on Cabinet Resolution No. (50) dated 31/05/1415H (corresponding to 27/10/1994G) and Ministerial Resolution No. (182495) dated 15/11/1442H (corresponding to 25/06/2021G), which stipulated amended the Nitaqat Program to the Nitaqat Developer Program. The Ministry of Labor in the Kingdom launched the Nitaqat program to provide incentives to enterprises in order to hire Saudi nationals. This program evaluates the performance of any organization on the basis of specific bands of platinum, green, yellow and red
Guide for investing non-resident foreigners in the Parallel Market	International Financial Reporting Standards and their interpretations issued by the Board of International Accounting Standards
Lock-up Period	The Lock-up period imposed on the Substantial Shareholders whose names are listed on page (xx and xxi) of this Document, during which they are prohibited from disposing of their shares for a period of (12) twelve months from the starting date of trading in the Company's shares in the Parallel Market, and they may dispose of their shares after the end of this period without obtaining prior approval from the Authority.

Term	Definition
Value Added Tax (VAT)	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the Unified Agreement on Value Added Tax for the GCC states, which is an indirect tax imposed on all purchased and sold goods and services with some exceptions. The Kingdom of Saudi Arabia has committed to implementing the value-added tax at a rate of 5%, starting from the date of 14/04/1439H (corresponding to 01/01/2018G). VAT has been imposed at every stage of the supply chain, starting from production, through distribution, and up to the final sale of the commodity. or service. The Government of the Kingdom of Saudi Arabia has decided, starting from July 2020, to increase the value-added tax rate from 5% to 15%, and a number of products have been excluded, including (basic foods and services related to health care and education). The consumer pays the cost of value-added tax on goods and services that he/she buys. As for businesses, they pay to the Government the value-added tax collected from consumers' purchases.
Saudization or Nationalization	Labor regulations in the Kingdom of Saudi Arabia that require companies operating in the Kingdom to employ a certain percentage of Saudis.
Working Day	Any business day except Friday and Saturday, any day that is an official holiday in the Kingdom of Saudi Arabia, and any day on which banking institutions close their doors from business in the Kingdom in accordance with the applicable regulations and other government procedures.
Labor Law	The Saudi Labor Law promulgated by Royal Decree No. M/51, dated 23/08/1426H. (corresponding to 27/09/2005G) and its amendments.
H	Hijri calendar.
G	Gregorian calendar.
General Assembly	General Assembly of the Company's shareholders.
Ordinary General Assembly	Ordinary general assembly of the Company's shareholders.
The Extraordinary General Assembly	Extraordinary General Assembly of the Company's shareholders.
Transformational General Assembly	The conversion general assembly of the Company's shareholders.

Term	Definition
Public	<ol style="list-style-type: none"> 1. affiliates of the Issuer; 2. substantial Shareholders of the Issuer; 3. directors and Senior Executives of the Issuer; 4. directors and senior executives of the Issuer's affiliates; 5. directors and senior executives of the Issuer's Substantial Shareholders; 6. any relatives of the persons referred to in paragraphs 1, 2, 3, 4, or 5 above; 7. any company controlled by any person referred to in paragraphs 1, 2, 3, 4, 5 or 6 above; and 8. persons acting in concert, with a collective shareholding of five per cent. or more of the class of shares to be listed.:
Related Parties	<p>They are:</p> <ol style="list-style-type: none"> 1. Affiliates of The Company. 2. Substantial Shareholders of The Company. 3. Directors and senior executives of The Company. 4. Directors and senior executives of the affiliates of The Company. 5. Directors and senior executives of Substantial Shareholders of The Company. 6. Any relatives of the persons in (1, 2, 3, 4, or 5) above. 7. Any company controlled by any person in (1, 2, 3, 4, 5, or 6) above.
Control	<p>According to the list of Authority's terms and regulations and rules as issued by the Authority, control is the ability to influence the actions or decisions of another person, directly or indirectly, individually or collectively closely or remotely, through any of the following:</p> <ol style="list-style-type: none"> 1. Owning 30% or more of the voting rights in a company. 2. The right to appoint 30% or more of the members of the management body.
Subsidiary	<p>According to the list of terms used in the Capital Market Authority's regulations and rules issued by the Authority, a subsidiary is any company controlled by the Company.</p>
Associate company (Affiliate)	<p>According to International Accounting Standard No. (28) approved by the Saudi Organization for Auditors and Accountants, an associate (affiliate) is any company over which the Company has significant influence.</p>
Risk factors	<p>It is a group of potential influences that must be known and hedged before making the decision to invest in the shares subject to registration and listing.</p>
SAR or Riyal	<p>Saudi riyal - the currency of Saudi Arabia.</p>
Vision 2030	<p>The national strategic economic program that aims to reduce dependence on the oil and petrochemical industry, diversify the Saudi economy, and develop public services.</p>

Term	Definition
Pandemic or Coronavirus (Covid 19)	A viral infectious disease known as (Corona Virus) and referred to in brief as «Covid19» that has started to spread in most of the countries worldwide, including the Kingdom of Saudi Arabia in the beginning of the 2020G. It has been classified as pandemic by the World Health Organization
Investment Funds Regulations	Investment Funds Regulations issued by the Capital Market Authority pursuant to Resolution No. 1-219-2006 dated 03/12/1427H (corresponding to 24/12/2006G) and amended by Board of the Capital Market Authority Resolution No. 2-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G) and its amendments.
National Transformation Program	The National Transformation Program is a program that aims to implement the five-year plan of the Kingdom of Saudi Arabia, which was established in 2015G and organized by the Council of Economic and Development Affairs. It is one of the programs of Saudi Vision 2030. The program is headed by the Minister of Economy and Planning.
Community pharmacies	Pharmacy facilities concerned with providing safe services to patients by providing medications appropriate to their health condition, and providing instructions and rules for the use of medications, which aim to provide pharmaceutical services in a safe and secure manner.
Wasfaty Program	An advanced electronic platform operated by a semi-governmental entity under the supervision of the Ministry of Health, which aims to raise the level of health services and ensure the availability of medicines for patients by linking government hospitals and primary health care centers with private community pharmacies to make it easier for patients to receive their medications from the nearest community pharmacy.
Pharmaceutical Products and Facilities Law	Pharmaceutical Products and Facilities Law issued pursuant to Royal Decree No. M/31 dated 01/06/1425H (corresponding to 18/07/2004G), which was replaced by the Pharmaceutical Products and Facilities issued pursuant to Royal Decree No. M/108 dated 22/08/1441H (corresponding to 15/04/2020G) and its executive regulations.



(2)

Risk Factors

2. Risk Factors

Investing in shares that will be directly listed on the parallel market involves high risks and may only be suitable for investors who are able to evaluate the merits and risks of this investment and bear any loss that may result from it.

Anyone wishing to invest in shares that will be directly listed and will be traded in the parallel market must carefully study all the information contained in this document, including the risk factors described below, before making any decision to invest in the shares subject to direct listing, noting that the risks described below may not include all the risks that the Company may face. It is possible that there are additional factors that are not currently known to the Company, which would affect its operations.

The Company's activity, financial conditions, future prospects, results of operations, and cash flows may be negatively and materially affected if any of the risks included in this section, which the Company's management currently believes that they are material, occur or are realized. In addition to any other risks not identified by the Board of Directors, or currently classified as immaterial, but it may actually happen and become material.

In the event of the occurrence or realization of one of the risk factors that the Company's management believes at the present time to be material, or the occurrence of any other risks that the Company's management has not been able to identify, or considered them to be immaterial, this may lead to a decline in the Company's share price in the market and weaken its ability to distribute profits to shareholders. The investor may lose all or part of his investment in the Company's shares.

The members of the Company's Board of Directors acknowledge that, to the best of their knowledge and belief, there are no other material risks, as of the date of this document, other than those mentioned in this section, that could affect investors' decisions to invest in shares that will be listed directly on the parallel market. The risks and uncertainties described below are presented in an order that does not reflect their importance. Additional risks and uncertainties, including those not currently known or considered immaterial, may have the impacts described above.

2-1 Risks related to the Company's activity and operations

2-1-1 Risks of non-compliance with the companies' law and the Company's articles of association

The new Companies Law was recently issued pursuant to Royal Decree No. (M/132) dated 1/12/1443H (corresponding to 30/06/2022G). The new Companies' Law requires several changes to be made in the regulations and laws followed by companies. This requires the Company to take specific and required measures to ensure its compliance with the new regulatory requirements and their implementation on time, which may affect the Company's business and may take a long time. It is worth noting that the Company has amended its bylaws in line with the provisions contained in the new companies' law. However, if the Company is unable to adjust its positions as applicable in accordance with the new companies' law, this may expose it to penalties or fines, or may result in unexpected costs, and thus have a negative and material impact on the Company's business, financial condition and results of operations.

The Companies Law also stipulates the imposition of strict penalties for violating its provisions and mandatory rules. According to Article No. (262) of the Companies Law, fines for violating any of its provisions reach (500,000) five hundred thousand Saudi riyals. Therefore, if the Company is subjected to one of these penalties as a result of its failure to comply with these provisions, or in the event of its failure to comply with the provisions of the Company's bylaws, this will have a negative and material impact on the Company's business, results of operations, financial performance, profitability, and future prospects.

2-1-2 Risks of non-compliance with the companies' law and the Company's articles of association

The Company recently took some measures related to implementing some provisions of the corporate governance regulations issued by the Capital Market Authority, as it formed a board of directors for the Company and approved its appointment by the transformational general assembly held on 03/01/1444H (corresponding to 01/08/2022G). Based on the recommendation of the Board of Directors, an Audit Committee and a Nominations and Remuneration Committee were appointed, and the committees were approved by the Ordinary General Assembly held on 10/03/1444H (corresponding to 06/10/2022G). In view of the recent formation of the Board of Directors and the Audit Committee, in addition to the recent transformation into a joint stock company, members of the Board of Directors and members of the Audit Committee must make additional efforts to ensure the Company's compliance with the Capital Market system, its executive regulations, and related disclosure requirements. In the event that the members of the Board of Directors are unable to contribute to the management of the Company in accordance with their powers and consequences of their membership in the Board of Directors or the Audit Committee, or in the event that they are unable to apply the necessary governance rules to joint-stock companies listed in the parallel market, this will expose the Company to the possibility of non-compliance with continuous disclosure requirements after listing on the one hand, and operational, administrative and financial risks on the other hand. This will have a negative and material impact on the Company's future business, financial conditions and operational results.

2-1-3 Risks associated with lack of experience in managing listed companies

The success of the Company's business depends primarily on the ability of its management to make appropriate and correct decisions regarding its business and activities. Since the senior management employees do not have experience in managing public joint stock companies and in how to comply with the rules and regulations of joint stock companies listed in the Saudi Capital Market, such as adherence to the requirements of continuous disclosure and preparing various reports in accordance with what is required under these rules and regulations, the Company's senior management must exercise additional efforts to ensure compliance with the rules and regulations imposed on listed companies. If the Company does not comply with these rules, it will be exposed to regulatory penalties and fines, which in turn will negatively and materially affect its business, reputation, prospects and financial condition.

2-1-4 Risks related to non-compliance with the Capital Market system and its implementing regulations

After being listed on the parallel market, the Company will be subject to the Capital Market system and the rules, regulations and circulars issued by the Capital Market Authority. In the event that the Company is unable to adhere to any of such regulations and systems, it will be subject to financial fines and penalties such as temporary suspension of stock trading or cancellation of the listing of shares. This will have a negative and material impact on the Company's business, results of operations, financial performance, profitability, and future prospects.

2-1-5 Risks of management decisions

The Company's business results depend mainly on the ability of its management to make correct and appropriate decisions regarding its business and activities in a timely manner. If the Company's management makes wrong decisions regarding its business in general, such as employing unqualified personnel, developing ineffective business plans, developing inappropriate operational policies, etc., this will negatively reflect on the Company's performance, results its operations, and financial condition.

2-1-6 Risks related to employee errors or misconduct

The Company may face misconduct or errors from employees that it cannot avoid, such as fraud, intentional errors, embezzlement, fraud, theft, and forgery, in addition to misuse of its property and acting on its behalf without obtaining the required administrative authorizations. These actions may result in consequences and responsibilities for the Company, or regulatory penalties, or financial liability, which will negatively and fundamentally affect the Company's reputation, financial condition, results of operations, and future prospects.

2-1-7 Risks of non-compliance with the terms and covenants of existing credit facilities

The Company has never relied on loans or credit facilities from any financing party since it was established until the date of this document, as it relied on the internal self-financing from the founders and partners. In the event that the Company needs additional financing from financiers such as banks, and it could not obtain proper financing, or if it was obtained and the Company was subsequently unable to adhere to the pledges of the credit facility agreements, including the obligation to repay the loans on the due date, it will become subject to penalties. The lender may cancel or terminate the loans and demand that the Company pay the entire debt immediately, which will negatively and materially affect the Company's business, financial performance, cash flows, and ability to implement its future plans.

2-1-8 Risks of Liquidity and Accounts Payable of the Company

Liquidity risk represents the Company's inability to meet its obligations related to financial liabilities as they fall due. The Company's financial liabilities consist mainly of lease obligations and payables in addition to receivables to related parties. Lease contract obligations constituted about 40% of the Company's total liabilities as at the end of 2021G, about 57% as at the end of 2022G, and about 55% as at the end of the first half of 2023G. The percentage of accounts payable reached about 33% during the year 2021G, about 34% during the year 2022G, and about 37% during the first half of the year 2023G. Any emergency or sudden events may occur that require immediate liquidity or require the sale of financial assets quickly enough and at their fair value to cover the required liquidity.

The Company's trading ratio (total current assets to total current liabilities) was about 0.80 times as of 31/12/2021G, while it was about 1.48 times as of 31/12/2022G, and about 1.26 times as of 30/06/2023G.

If the Company is not able to fulfill its current or future obligations on their due dates, especially short-term ones, it will be vulnerable to financial default, and this may negatively affect its reputation and the desire of the creditor parties to continue dealing with it, and it may be difficult for it to continue obtaining appropriate terms for payment in the future, which will negatively affect the Company's business, financial performance and future prospects.

2-1-9 Risks related to the availability of financing in the future

The Company may resort to obtaining bank loans and facilities to finance future expansion plans. It is worth noting that obtaining financing may depend on the Company's capital, financial condition, cash flows, credit record, and guarantees provided. The Company does not give any confirmation or guarantee regarding obtaining the appropriate financing if needed. The Company's inability to obtain the financing it needs from financing parties, or its inability to obtain financing on acceptable preferential terms that suit the Company, will have a negative impact on the Company's performance, operational operations, cash flows, and future plans.

2-1-10 Credit-related risks

Credit risks are risks that arise when one party is unable to fulfill a certain financial obligation to the other party. The Company may face credit risks in several temporary or permanent situations, including, for example, the presence of unpaid customer debt balances, or the failure of other debtor parties to fulfill their obligations towards the Company, or others.

The following table shows the Company's receivables balances as of the end of 2021G, 2022G, and the first half of 2023G:

Table 1: Accounts Receivable

(Figures in Saudi Riyals)	As of 31/12/2021G (Audited)	As of 31/12/2022G (Audited)	As of 30/06/2023G (Examined)
Total trade receivables	14,098,872	10,334,672	20,770,633
Deduct: Provision for expected credit losses	-	-	-
Net trade receivables	14,098,872	10,334,672	20,770,633
Percentage of total assets	4.6%	3.1%	5.13%

Source: Al-Mujtama Al-Raida Medical Company

It is worth noting that most of the Company's sales are cash sales, with credit sales only accounting for about 21.1%, 21.3%, and 22.9% of the Company's total sales during the years 2021G, 2022G, and the first half of 2023G, respectively. The Company's receivables balance mainly includes a receivable belonging to a semi-governmental client, which constituted approximately 97%, 89%, and 96% of the Company's total balance of trade receivables during 2021G, 2022G, and the first half of 2023G, respectively. The Company's credit period ranges from 30 to 90 days. The following is a table showing the aging of receivables:

Table 2: Aging of accounts receivables

(Figures in Saudi Riyals)	As of 31/12/2021G (Audited)	As of 31/12/2022G (Audited)	As of 30/06/2023G (Examined)
Accounts Receivables			
Due from 1 to 90 days	14,098,872	10,334,672	20,770,633
Due from 91 to 180 days	-	-	-
Due from 181 to 270 days	-	-	-
Due from 271 to 365 days	-	-	-
More than 365 days	-	-	-
Total	14,098,872	10,334,672	20,770,633

Source: Al-Mujtama Al-Raida Medical Company

It is worth noting that, during the past three years, the Company has not been forced to make provisions for doubtful debts according to the expected credit loss model (according to the International Financial Reporting Standards (IFRS)), which is based on the historical experience of credit loss with each client.

However, if the debtors do not commit to paying the Company's dues on time or do not commit at all to pay, partially or completely, this will have a negative and material impact on the Company's results of operations, financial condition and cash flows.

2-1-11 Risks related to potential liabilities

Any potential obligations on the Company, such as costs related to zakat, taxes, lawsuits, and other obligations or costs related to the Company's activity, if realized, will negatively affect the Company's financial condition, financial position, results of operations, and future prospects.

2-1-12 Risks related to transactions with related parties

The Company's transactions with related parties included some transactions with members of the Board of Directors and shareholders, which mainly represented financing transactions (based on non-commercial grounds as they do not carry financing interests) for the purpose of raising capital or working capital. Some transactions with related parties include commercial transactions through renting sites owned by related parties, and these contracts are based on commercial principles. The Company has three existing lease contracts with the Chairman of the Board of Directors and the major shareholder (Omar Yousef Khoja), for the purpose of using them as pharmacies affiliated with the Company. These rents are paid in installments every six months according to the payment schedules included in the lease contracts. (For more details, please see Section (3-18) «**Contracts with Related Parties**» of this document.) It is worth noting that all transactions with any related party are carried out through authorization from the Board of Directors and the approval of the Shareholders Assembly.

The following table shows the details of transactions with related parties during 2021G, 2022G, and the first half of 2023G:

Table 3: Transactions with related parties

Related party	Type of relationship	Type of transactions	During the year 2021G (Saudi riyals)	During the year 2022G (Saudi riyals)	During the first half of 2023G (Saudi riyals)	As of 31/12/2021G (Saudi riyals)	As of 31/12/2022G (Saudi riyals)	As of 30/06/2023G (Saudi Riyals)
			Net value of transactions during the financial period			The balance due from related parties		
Yousef Omar Khoja	Board Member and Shareholder	Advance	38,944	7,056	(646,963)	639,907	646,963	-
Omar Yousef Khoja	Chairman of the Board of Directors and shareholder	Advance	(563,346)	-	-	-	-	-
Total			(524,402)	7,056	(646,963)	639,907	646,963	-
Percentage of total assets						0.21%	0.19%	0.00%

Related party	Type of relationship	Type of transactions	During the year 2021G (Saudi riyals)	During the year 2022G (Saudi riyals)	During the first half of 2023G (Saudi riyals)	As of 31/12/2021G (Saudi riyals)	As of 31/12/2022G (Saudi riyals)	As of 30/06/2023G (Saudi Riyals)
		Nature of transaction	Net value of transactions during the financial period			The balance due to related parties		
Abdulaziz Omar Khoja	Shareholder	Financing/ transfer to the Company's capital	(29,496,001)	(27,940,868)	-	27,940,868	-	-
Ajyad Alshamilah Company Limited	former partner	Financing/ transfer to Khabeer Al-Thania Investment Company	26,845,147	(26,845,147)	-	26,845,147	-	-
Omer Yusuf Yuldash Khoja	Chairman of the Board of Directors and Shareholder	Leases	-	-	(638,255)			
		Financing	13,609,247	11,053,470	(1,000,000)	13,609,247	8,000,000	7,000,000*
		Transfer to the Company's capital	-	(16,662,717)	-			
Khabeer Al-Thania Investment Company	Shareholder	Transfer from Ajyad Alshamilah Company Limited	-	26,845,147	-			
		Financing	-	16,500,000	-			
		Transfer to the Company's capital	-	(43,345,147)	-			
Total			10,958,393	(60,395,262)	(1,638,255)	68,395,262	8,000,000	7,000,000
Percentage of total liabilities						23.22%	3.71%	2.5%

Source: Al-Mujtama Al-Raida Medical Company

* The amount of 7,000,000 Saudi Riyals represents an advance from the Chairman of the Board of Directors to the Company as a good loan without any financing interest. This balance has not been closed as of the date of this document. This financing transaction is considered non-commercial, and is subject to the approval of the Company's General Assembly.

The Company obtained the approval of the Extraordinary General Assembly held on 29/11/1444H (corresponding to 18/06/2023G) for all transactions with related parties as of 31/12/2022G and the transactions that followed until the date of this document.

If there are any transactions or agreements with related parties in the future, they will be subject to the approval of the Company's general assembly. If the Company's general assembly votes not to approve transactions and agreements with related parties for any reason, and if the Company is unable to find an appropriate alternative under the appropriate conditions within the required time period, this will negatively affect the Company's business, results of operations and future prospects.

Other than what was mentioned above, the Company acknowledges that there are no contracts or arrangements in effect, when submitting this registration document, in which there is an interest for a shareholder, the Chairman of the Board of Directors, a member of the Board of Directors, or other related parties.

2-1-13 Risks related to leasing sites for new pharmacies or renewing existing lease contracts on acceptable commercial terms

All locations of the Company's pharmacies are rented, and the Company does not own any of these locations. (For more details, please see Section (3-15) «**Lease Contracts**» of this document).

Since the Company's success depends largely on its pharmacy locations, the Company pays great attention to the process of selecting new pharmacy locations. This is done based on several factors, including: the population density of neighborhoods and regions, the strategic location in relation to the main and commercial streets, the location in relation to competing pharmacy chains, and the location in relation to other attractions and gathering areas.

In the future, the Company will need to achieve its expansion plans to open more pharmacies, and the Company may not guarantee that it will find locations that achieve all or some of the factors mentioned, or that it will obtain acceptable and appropriate commercial conditions, and thus will have a negative and material impact on the Company's expansion plans and its revenue levels.

Also, the Company's inability to maintain the continuity of its existing pharmacies' lease contracts and renew them with the same current terms or better terms, or if the lessor does not wish to renew the contract, this will force the Company to vacate those leased sites and find alternative sites, which may have higher rental cost than the current locations. In addition to the fact that moving the business to new branches leads to an increase in the expenses incurred by the Company, with the possibility of negatively affecting the Company's revenues if the old location is vacated before finding and preparing the new location, which will negatively and fundamentally affect the Company's results, business and profitability.

2-1-14 Risks related to the occurrence of natural disasters

The Company may be exposed to any natural disasters such as floods, fires, earthquakes and other natural events that may result in significant damage to the Company's facilities. It is worth noting that the Company is in the process of renewing its assets and property insurance policy as of the date of submitting this document. In the event that the property insurance policy is not renewed, or sufficient insurance coverage is not available, this may result in high and huge costs to the Company, which will greatly affect the Company's ability to perform and practice its activity, and thus will negatively affect its business operations. The occurrence of any natural disasters will have a negative and material impact on the Company's financial performance, financial condition and future prospects.

2-1-15 Risks related to the increase in the Company's operating expenses

The Company's profitability rates depend mainly on the levels of operating revenues and expenses. However, the Company's operating expenses may increase in the coming years as a result of many factors, including the potential increase in labor costs, electricity, fuel and water consumption costs, maintenance and repair costs, rental costs of real estate used by the Company, and government permits and licenses necessary for the Company's

continuation of business. In the event of any increase in the aforementioned costs or in any other costs, this will have a material impact on the Company's business, profitability, financial condition and future prospects.

2-1-16 Risks related to the Company's ability to maintain supplier support and incentives

The level of profitability of a company depends largely on the commercial terms that are agreed upon with its suppliers. The cost of sales depends mainly on the incentives, support and discounts that are provided by the main suppliers under the contracts concluded with them, which include, but not limited to, discounts based on the volume of business that takes place between the Company and these suppliers. These incentives may be subject to any negative change in the future due to the circumstances and variables surrounding the sector and the market in general. In addition, the Company may not be able to maintain these conditions and incentives if its competitive position in the market inside the Kingdom of Saudi Arabia changes.

Also, these conditions are linked to the financial situation of the suppliers, which may be adversely affected in the future due to the surrounding circumstances, which will reflect on these conditions and on the Company's profitability in general.

2-1-17 Risks related to the increasing volume of sales and forward collections

The proportion of forward revenues coming from medical purchasing and healthcare service providers, whether governmental (or semi-governmental) or insurance companies, is increasing. This increase exposes the Company to the risk of postponing payment or rejecting claims submitted by the Company regarding sales to customers of these entities. Delaying the collection of these financial claims or not paying them partially or completely leads to a reduction in cash flows and generally affects the Company's profitability, as reducing cash flows leads to difficulty of financing the Company's future projects and expansion plans, and also affects the Company's fulfillment of its various financial obligations. This delay also limits the Company's ability to distribute cash returns to shareholders. Therefore, any delay by the aforementioned parties of payment of their financial obligations to the Company will materially affect the Company's business, results and future prospects.

Insurance companies are subject to the rules and regulations for this sector in the Kingdom of Saudi Arabia under the supervision of the Central Bank of Saudi Arabia. The Company dispenses medical medications and health supplies to customers who are covered by insurance provided by insurance companies contracted with the Company, and then issues claims to be examined and reviewed by the relevant insurance company. After this review, claims are settled in accordance with the contract terms included in the agreements concluded between the two parties. The percentage of insurance sales amounted to 0.33%, 0.48%, and 0.43% of total sales as of 2021G, 2022G, and the first half of 2023G, respectively. However, the amounts of compensation paid by insurance companies are subject to administrative rulings, interpretations of insurance policies, implementation of specific payment procedures, and adjustments to payments made retroactively. All that materially affects the volume and timing of payment of these amounts and claims to the Company. In some cases, insurance companies may also reject these claims for administrative or technical reasons, the most important of which are failure to complete the required documents in accordance with contractual terms, failure to submit claims again after the initial rejection, or delay in issuing and submitting claims. The Company does not guarantee that all claims will be satisfied by the insurance company, which in turn will negatively affect the Company's business, financial results, and future prospects. Although the Company currently does not rely to a large extent in its business model on revenues from clients of the insurance companies, it may move toward that in the future, and thus it will be more exposed to the aforementioned related risks, which will negatively affect the Company's business, results, and financial flows.

2-1-18 Risks related to poor inventory management

The Company relies on its knowledge and management experience in the pharmacy market to predict the future volume of demand for its products to be able to effectively manage its inventory of medicines, pharmaceuticals, cosmetics, nutritional supplements, maternal and child care products, and others. Fundamental changes may occur in the demand for products other than what was expected, as demand may be affected by the launch

of new products in the market, or by changes in product cycles, or pricing, or changes in customer spending patterns, or the entry of new competitors into the market, and other factors. As a result, customer demand for some of the Company's products may decrease. Therefore, if the Company is unable to accurately estimate the volume of products required, this will lead to an increase in inventory levels.

The value of the Company's inventory was as follows:

- (SAR 126,831,554) one hundred and twenty-six million eight hundred and thirty-one thousand five hundred and fifty-four Saudi riyals as of 31/12/2021G, which represents about 83% of the current assets and about 42% of the Company's total assets during the same financial period.
- (SAR 135,661,991) one hundred and thirty-five million six hundred and sixty-one thousand nine hundred and ninety-one Saudi riyals as of 31/12/2022G, which represents about 85% of the current assets and about 41% of the Company's total assets during the same financial period.
- (SAR 141,669,649) one hundred and forty-one million six hundred and sixty-nine thousand six hundred and forty-nine Saudi riyals as of 30/06/2023G, which represents about 79% of the current assets and about 35% of the Company's total assets during the same financial period.

The following table shows the most important indicators for inventory calculation:

Table 4: Inventory turnover rate

Items	The fiscal year ended on 31/12/2021G	The fiscal year ended on 31/12/2022G	The fiscal period ended on 30/06/2023G
Inventory turnover rate per financial period (times)	1.95	1.89	0.99
Number of days of inventory (days)	187	193	184

Source: Al-Mujtama Al-Raida Medical Company

The following table shows the obsolescence of inventory as of 30/06/2023G:

Table 5: Inventory obsolescence ages

Amount (SAR) Obsolescence age of inventory	Amount (SAR)
less than 90 days	77,861,980
from 91 days to 120 days	29,451,389
from 121 days to 360 days	20,074,360
more than 361 days	14,281,920
Total	141,669,649

Source: Al-Mujtama Al-Raida Medical Company

It is worth noting that the Company's accounting policy for its inventory is to value the inventory at cost or net realizable value (whichever is lower). The cost is determined using the weighted average method and includes all other costs incurred to deliver the inventory to its current location and condition. As for the net realizable value, it is the estimated selling price in the ordinary course of business after deducting the estimated costs of completing the sale. It is worth noting that no provision has been made for damaged, slow-moving and expired inventory items in the financial periods referred to in this document.

The Company must maintain adequate levels of inventory in order to operate its business successfully, as there is no guarantee that the Company will always be able to accurately and correctly predict demand rates for certain products. Therefore, the Company's ability to maintain the necessary stock of products that are in high demand by its customers cannot be guaranteed. If there is a large demand for certain products, and the Company's stock levels for those products are insufficient, or they are not available to the Company, this will negatively affect the Company's financial performance and results of operations.

On the other hand, the Company does not guarantee that a surplus inventory will not be accumulated due to several factors related to the nature of the Company's work and its products. Some suppliers request the Company to submit orders to purchase products early so that the suppliers can secure them, as these orders are based on the Company's prospects for market needs for future periods. This may prompt the Company to order larger quantities of its needs to avoid any interruption in products, or some suppliers impose a minimum quantity of products required by the Company under the concluded supply agreements, which may be more than the quantity needed by the Company. Also, there may be delay in opening new branches of the Company at the planned times, while the Company has received the inventory allocated to these new stores. If the Company is unable to sell the goods in stock on time and before the products expire or become damaged, this will negatively affect the Company's results, financial performance and profitability.

2-1-19 Risks related to non-compliance with legislation or failure to obtain or renew the necessary licenses, permits and certificates

The Company currently operates under a number of licenses, certificates and permits related to its activity, which are obtained from the competent regulatory authorities in the Kingdom. These include, but not limited to, commercial registry certificates for the Company and its branches issued by the Ministry of Commerce, trademark registration certificate, and Chamber of Commerce membership certificate, Municipal licenses, civil defense permits, Saudization, zakat and social insurance certificates, licenses issued by the Ministry of Health for each pharmacy, licenses issued by the Cooperative Health Insurance Council, licenses issued by the Saudi Food & Drug Authority, and others. (For more details, please review Section (3-9) «**Commercial Records**» and Section (3-10) «**Company Licenses and Permits**» of this document.)

In order to be able to operate its pharmacies and open new pharmacies, the Company must obtain permits, licenses, certificates and approvals from the relevant authorities, and continuously keep these licenses and permits in effect through the Company's commitment to the regulations, laws and standards imposed by several government agencies that supervise the health care sector. The Company's failure to comply with these legislations and standards may expose it to violations, fines, or penalties imposed by regulatory authorities, or to suspend or withdraw the necessary licenses to conduct business. The Company may also face problems or obstacles in obtaining certain government approvals, and it may not be able to renew existing licenses and permits or obtain new licenses and permits that it may need for other purposes, such as expansion, which may lead to stopping or faltering the Company's business, or exposing it to fines.

Since the Company carries out its activity through health licenses issued by the Ministry of Health and is subject to the terms and conditions of the Ministry of Health. Therefore, if the Company does not adhere to these terms and conditions, it is possible that the health license will be withdrawn and thus the Company's activity and work will be stopped. If any of this occurs, it will have a negative and material impact on the Company's business results, financial and operational performance, and future prospects.

It is worth noting that the Company is constantly working to renew permits and certificates which have expired or about to expire, such as expired civil defense permits and other permits and licenses required for the Company's operations.

2-1-20 Risks associated with the Company's product quality issues

The Company's revenues depend essentially on retail revenues from its dedicated stores and pharmacies, and customers' flocking to purchase from the Company's branches over other competitors depends on customers' confidence in the quality of the products provided. Therefore, any imbalance in customer confidence in the quality of the products provided by the Company will fundamentally affect the Company's revenues and results. The Company may be exposed to penalties or fines because of the products sold that may be below the required standards, uncertified, or counterfeit, or because of the products displayed on its electronic platform or because of the content that is displayed on it, which will have a negative and material impact on the Company's performance, business, and future prospects.

In addition, the Company may be forced to withdraw its products in stores, voluntarily or unwillingly, if they turn out to be adulterated, counterfeit, or substandard products, which in turn will incur other costs for the Company that will affect its profitability and financial results.

2-1-21 Risks related to the Company's essential agreements

The Company has concluded a number of essential agreements, such as supply, distribution, and partnership agreements with some companies to distribute and deliver related products. These agreements are considered essential to the Company's activity, its daily dealings, and the achievement of the Company's goals and future prospects (for more information regarding these agreements, please see Section No. (3-19) **«Substantial Agreements of the Company»**). If the Company is unable to renew existing agreements on the same commercial terms or is unable to conclude new agreements with other parties, this will restrict the Company's business, and thus will have a negative and material impact on the Company's performance, operations, future prospects, and achievement of its goals.

2-1-22 Risks related to payment transactions with credit cards and mada cards

The Company completes sales operations within its branches and through the electronic pharmacy, largely through Mada cards and other credit cards issued by banks. For this type of payment operations, the Company pays specific fees to the financial institutions (banks) issuing these cards, and the Company does not guarantee that these fees will not change or increase from time to time or that it will not encounter technical problems in point-of-sale devices, which may affect the Company's ability to collect some revenues in addition to increasing the costs of bank fees paid by the Company, which are based on specific percentages of the total sales collected through banks. The occurrence of any of these factors could have a material and negative impact on the Company's business, results, financial condition and future prospects.

2-1-23 Risks related to potential legal zakat dues and additional claims

The Company submits its zakat and tax returns to the Zakat, Tax and Customs Authority within the specified time and pays the amounts owed on an annual basis. It is worth noting that the Company submitted its zakat returns until 31/12/2022G and accordingly obtained a zakat certificate expiring on 21/10/1445H (corresponding to 30/04/2024G), and no zakat assessment was issued on the Company's accounts by the Zakat, Tax and Customs Authority, from its establishment until the date of this document. The Company has set an allocation for zakat amounting to (673,080) Saudi riyals as at the end of 2021G, (2,263,416) at the end of 2022G, and (3,298,047) Saudi riyals as of 30/06/2023G.

It is worth noting that although there are no assessment orders, zakat claims, pending amounts, or disputes currently existing with the Zakat, Tax and Customs Authority, the Company shall bear any future claims related to any of the previous financial years.

The Company cannot predict the acceptance of the its zakat estimates for every financial year in the future by the Zakat, Tax and Customs Authority which may impose on the Company essential zakat differences that increase the value of what the Company pays, as well as penalties for delay in paying these amounts. If any of this occurs, it will have a negative impact on the Company's business results, financial performance and future prospects.

2-1-24 Risks of difficulty recruiting personnel with experience in the pharmaceutical sector

The Company relies heavily on employees who have experience in the pharmaceutical sector to continue its activity and business operations, as it requires them to be highly competent and fully familiar with the characteristics of medical products and medicines in accordance with the standards required by customers. In addition, the Ministry of Health prohibits pharmacies from employing unlicensed pharmacists or pharmacy technicians. If the Company is unable to employ qualified personnel and maintain them to continue its operations, this will have a negative and material impact on the Company's business, results of operations, and future prospects.

2-1-25 Risks related to dependence on suppliers

The Company sources its pharmaceutical, care and other products primarily from a number of suppliers. The Company's purchases were concentrated on ten main suppliers (see Section No. (3-12) **«Transactions with Major Suppliers»**), as the volume of purchases from these main suppliers amounted to about 54% of the Company's purchases during the two years 2021G and 2022G, and about 57% during the first half of 2023G. The Company may not be able to continue to rely on the suppliers it currently deals with, either because of a change in the existing relationships between them, because of the increase in the cost of obtaining products, because of the supplier's inability to provide the Company with the required quantities of products according to the necessary quality at the appropriate time, or because of the supplier's desire to cancel or not renew the agreement. If any of these situations occur, it will negatively affect the Company's business, financial condition and future prospects.

2-1-26 Risks related to the concentration of the Company's revenues

The Company's sales consist mainly of retail sales of a group of products, the most important of which are medicines, personal care products, maternal and child care products, nutritional supplements, and medical tools and devices. The Company's sales are concentrated in the sale of medicines and personal care products, as medicine sales represented about 59% of the Company's total revenues in 2021G, 62% in 2022G, and 64% in the first half of 2023G. Sales of personal care products represented about 27% of total revenues in 2021G, about 19% in 2022G, and about 17% in the first half of 2023G. Therefore, any negative fluctuations occurring in the pharmaceutical or personal care products market will have a material negative impact on the Company's sales, profitability, financial condition and future prospects.

2-1-27 Risks related to the Company's dealings with government agencies

The Company seeks to increase its market share in the government sector, as it sees a promising future in this since the issuance of the transformational ministerial decision to privatize health care within the National Transformation Program 2020, leading to the Kingdom's Vision 2030 and assigning the task of dispensing medicines and managing pharmacies in government hospitals and primary health care centers to the private sector. Accordingly, some of the Company's work is focused on dealings with government agencies, most notably the Company's cooperation with a semi-governmental company that is considered a representative of the Ministry of Health and the public health sector in the Kingdom, and is concerned with operating the **«Wasfaty»** platform, which is an electronic platform used by doctors in government hospitals and primary care centers to send prescriptions via SMS to patients and visitors, who are then transferred to one of the private pharmacies participating in the **«Wasfaty»** program in order to fill their prescriptions and medications there. (For more details, please see Section No. (3-19) **«Substantial Agreements of the Company»** of this document).

The revenues generated by the Company through the **«Wasfaty»** service constituted approximately 21% of the Company's total revenues during both 2021G and 2022G, and approximately 23% of total revenues during the first half of 2023G (for more details, please see subsection No. (3 -13-1) **«Revenues according to customer classification»** of this document).

Given the Company's tendency to increase its business concentration with government agencies, the Company's revenues may be affected by the conditions of government agencies and the level of government spend related to a number of factors such as financial or budgetary restrictions, regulatory restrictions, changes in government financial or contractual policies, public spend restrictions, decrease in available government funding, or delays in collecting government allocations. Government spend may also be affected by political and economic conditions such as wars, natural disasters, epidemics, and the like. Such factors have a significant impact on the size, scope, timing and duration of contracts and purchases. Thus, the impact is reflected in the level of business the Company receives from these clients. These factors could also lead to the suspension, cancellation, termination, or non-renewal of current contracts, or the Company's delay in collecting its dues from government agencies, which could have a negative and material impact on the Company's business, results of operations, financial condition, and future prospects.

2-1-28 Risks of relying on non-Saudi employees

The total number of employees in the Company reached (775) employees as of 30/07/2023G. The number of Saudis reached (216) employees and the number of non-Saudis reached (559) employees. Since non-Saudi employees constitute the largest portion of the Company's total number of employees, the Company's business results, financial condition and operational results will be negatively affected if it is unable to maintain qualified non-Saudi cadres or find replacements for them with the same required skills and experience, especially in the event of an accident. Changes in the policies, regulations and laws of the Ministry of Human Resources and Social Development will have an impact on the status of non-Saudi workers with the Company.

Also, on 18/03/1442H (corresponding to 14/11/2020G), the Ministry of Human Resources and Social Development launched the initiative to improve the contractual relationship for all expatriate workers in private sector establishments, which entered into force on 01/08/1442H (corresponding to 14/03/2021G). This initiative allows the expatriate worker to transfer to another job upon the expiration of his employment contract without the need for the employer's approval. Therefore, the Company will face difficulty in maintaining qualified non-Saudi cadres, which will negatively affect the Company's performance, results of operations, and financial condition.

On 08/06/1441G (corresponding to 03/02/2020G), the Ministry of Human Resources and Social Development issued Ministerial Resolution No. (109044) regarding the gradual nationalization of the pharmacy sector and its related specialties, as the first phase aims to nationalize 20% of workers in the profession, starting from 01/12/1441H (corresponding to 22/07/2020G), while the second phase aims to nationalize 30% of workers in the profession, starting from 01/12/1442H (corresponding to 11/07/2021G), as this decision applies to entities in which the number of expatriate workers in the pharmacy profession and its related specialties exceeds (5) five or more pharmacists.

Accordingly, the Company is committed to developing employment plans in an effort to achieve the specified Saudization rates and provide the required workforce. The Company reviews Saudization and employment rates on an ongoing basis to take the necessary decisions and actions to achieve the required employment plans and Saudization rates.

In the event that the Company is unable to attract and retain qualified Saudi pharmacists to comply with Saudization requirements, the Company will face penalties imposed by the Ministry of Human Resources and Social Development, and the Company may incur additional costs or face stop of government services, which will lead to disruption of the Company's business and will have a negative and material impact on its results of operations, financial condition and future prospects.

2-1-29 Risks of relying on key employees and executive management

The Company relies on the efforts and supervision of a number of its leadership employees and other key staff members to implement its strategy and daily operations. Key employees constitute an important element for the success of the Company's business, and therefore the Company's inability to retain them or attract people with the same competence will reflect negatively and materially on the Company's business, results of operations and financial condition.

2-1-30 Risks related to government fees applied to non-Saudi employees

During the year 2016G, the Kingdom's government approved a number of decisions aimed at making comprehensive improvements to the labor market in the Kingdom of Saudi Arabia, which included approving additional fees for every non-Saudi employee working in private sector establishments as of 01/01/2018G at (SAR 400) four hundred Saudi riyals per month for each non-Saudi employee, to be increased to (SAR 600) six hundred Saudi riyals per month for the year 2019G, then to (SAR 800) eight hundred Saudi riyals per month for the year 2020G. The total government fees incurred by the Company on non-Saudi employees amounted to (SAR 2,902,289) Saudi riyals, which represents 0.98% of the Company's total operating expenses during the fiscal year ended on 31/12/2021G, and (SAR 6,067,301) Saudi riyals, which represents 1.77% of the Company's total operating expenses during the fiscal year ended on 31/12/2022G, and (SAR 2,669,051) Saudi riyals, which represents 1.40% of the Company's total operating expenses during the six-month period ended on 30/06/2023G. Any government decision to increase these fees or impose additional government fees in the future will lead to an increase in the costs of non-Saudi employees in the Company, which will negatively affect the Company's business, financial performance and results of operations.

In addition, the government also approved the imposition of fees for issuing and renewing residency permits for dependents and companions of non-Saudi employees (fees for financial compensation for companions and dependents), which became effective as of 01/07/2017G, noting that they gradually increased from (SAR 100) one hundred Saudi riyals per month for each dependent and companion in 2017G, reaching (SAR 400) four hundred Saudi riyals per month for each dependent and companion in 2020G. The increase in these government fees has led to an increase in the cost of living for non-Saudi employees and their families, which may push them to search for job opportunities in other countries with a lower cost of living. Accordingly, the Company may face difficulty in retaining its non-Saudi employees with the high fees for issuing and renewing their family residency permits and the high cost of living for them, which may force the Company to raise the wages of non-Saudi employees or bear these additional fees on their behalf to retain them. This will lead to an increase in the costs of the Company and negatively affect its business, financial performance and results of operations.

2-1-31 Risks of unavailability of insurance coverage

The Company has entered into insurance agreements to cover its business and assets, such as property insurance, employee medical insurance, and car and truck insurance. However, the Company may not have all the important insurance contracts necessary for its business and assets, or it may not have sufficient insurance coverage in all cases.

Therefore, the occurrence of any potential uninsured circumstance resulting from sudden accidents or natural disasters will negatively and materially affect the Company's business, assets, financial condition and future performance.

2-1-32 Risks related to a decline in the number of visitors or a decrease in the level of spend on the Company's products

Like other retail companies, the Company's revenues depend on the number of visitors to its branches and their level of spend on the pharmaceutical and non-pharmaceutical products it sells. Therefore, the Company's success will be vulnerable to general risks associated with the retail sector, pharmacy, and health services, as the retail sector in general is subject to unexpected and sometimes rapid changes in consumer behavior, which in turn is affected by general economic conditions such as income levels, inflation, tax levels, and others. In addition to all of this, the Company's success and level of revenue depend on how well it attracts and maintains new customers.

Therefore, if the Company is unable to attract new customers and maintain its current customers by increasing customer confidence in its brand, ensuring the provision of the highest possible quality and a satisfactory shopping experience for them, and quickly responding to changes occurring in the sector, the economy, and customer behavior and orientation, it will have a material negative impact on its business results, profitability and future prospects.

Also, changes that occur in the areas and neighborhoods in which the Company's pharmacies are located may affect the Company's business and consumers' demand for it, such as changes in the demographic structure in the neighborhoods in which the Company's pharmacies are located, changes in the average income of individuals who live in certain neighborhoods or changes in their tastes and choices, which affect the level of spend in the Company's pharmacies. The Company may also be affected by the presence of construction and road improvement works, which in turn may cause some of the roads leading to the Company's pharmacies to be closed, obscure their appearance, or prevent easy access to them by potential visitors. If any of this occurs, it will have a negative impact on the Company's business results, profitability and future prospects.

2-1-33 Risks related to protecting trademarks and property rights

In marketing its products and managing its business operations, the Company relies on the reputation of its brand, which gives it a distinguished position among its customers in the market. The Company obtained the trademark registration certificate for Al-Mujtama Al-Raida Medical Company from the Saudi Authority for Intellectual Property in the Kingdom of Saudi Arabia on 30/08/1436H (corresponding to 18/06/2015G), where protection begins on 26/05/1436H (corresponding to 17/03/2015G) and ends on 26/05/1446H (corresponding to 28/11/2024G) (see Section No. (3-16) «**Trademarks and Copyrights**» of this document). Any illegal use of the trademark will affect the Company's reputation, and may lead to lawsuits being filed against the Company or claims before the competent courts to protect these rights. If the Company fails to protect its trademark effectively, this will negatively affect the value of that trademark, which will negatively reflect on the Company's business, financial results, and performance in the future.

2-1-34 Risks related to the inability to implement the Company's strategic plan

The Company's future performance depends on its ability and success in implementing its business plan and implementing the targeted growth strategy. Therefore, if the Company is unable to successfully implement its future plans for any reason such as lack of funding, unavailability of labor, failure to obtain the necessary licenses, etc., this will negatively and materially affect its future performance and accordingly its results of operations and financial condition. Also, if the Company is unable to implement the expansion plans according to the specified timetable and estimated costs, or in the event of not achieving the desired profitability from the expansion operations, which may be due to various reasons, including a change in the market situation at the time of implementing the expansion or in the event of a defect in the feasibility study, this will negatively affect the Company's competitive position, and thus its business results, profitability and future prospects.

2-1-35 Risks related to lawsuits and fines

The Company is exposed to lawsuits and complaints during the course of its operational work, and it cannot accurately predict the size of the cost of lawsuits or judicial procedures that may be filed or instituted against it, or the final results of those lawsuits or judgments that may be issued against it. It does not include compensation and penalties. Therefore, any negative outcomes of such lawsuits may negatively affect the Company and its results of operations. Lawsuits and fines may include, but not limited to, fines for procedural violations and violations of operational systems, lawsuits and fines related to zakat and tax matters, the labor system, social insurance, contracts with customers and suppliers, and other damages resulting from negligence or fraud by persons or entities in a manner beyond the Company's control. The Company has not made any provision to address potential claims, and therefore any negative results of such cases will negatively affect the Company's business, results of operations, financial condition and future prospects.

The following table shows a summary of the lawsuits and claims filed by or against the Company as of the date of this document:

Table 6: Company lawsuits

The Company's position on the lawsuit,	Other party of the lawsuit	The court/ legal party	Date	Amount of the claim (Saudi riyals)	The subject of the lawsuit	Status
1 plaintiff	Real estate owner (lessor)	General Court in Jeddah	20/12/1443H (corresponding to 19/07/2022G)	Enable benefit from a leased property	A lawsuit against the owner of a leased real estate property to enable the Company to enjoy contracted benefit under an existing, valid lease contract	Existing
2 plaintiff	the Directorate of Health Affairs in Jeddah	Administrative Court in Jeddah	17/09/1444H (corresponding to 08/04/2023G)	10,000	Appeal against the decision to impose a fine on the Company in the amount of 10,000 Saudi riyals due to the lack of some medications in one of the Company's pharmacies	Existing
3 plaintiff	Directorate of Health Affairs in Makkah	Administrative Court in Makkah	24/09/1444H (corresponding to 15/04/2023G)	5,000	Appeal against the decision to impose a fine on the Company in the amount of 5,000 Saudi riyals for not matching the name on the plate	Existing
4 plaintiff	Directorate of Health Affairs in Jeddah	Administrative Court in Jeddah	15/09/1444H (corresponding to 06/04/2023G)	10,000	Appeal against the decision to impose a fine on the Company in the amount of 10,000 Saudi riyals due to the lack of availability of some medicines in one of the Company's pharmacies	Existing

The Company's position on the lawsuit,	Other party of the lawsuit	The court/ legal party	Date	Amount of the claim (Saudi riyals)	The subject of the lawsuit	Status	
5	plaintiff	Directorate of Health Affairs in Jeddah	Administrative Court in Jeddah	17/09/1444H (corresponding to 08/04/2023G)	10,000	Appeal against the decision to impose a fine on the Company in the amount of 10,000 Saudi riyals due to the lack of availability of some medicines in one of the Company's pharmacies	Existing
6	plaintiff	Directorate of Health Affairs in Makkah	Administrative Court in Makkah	12/09/1444H (corresponding to 03/04/2023G)	5,000	Appeal against the decision to impose a fine on the Company in the amount of 5,000 riyals due to high humidity in one of the Company's pharmacies is in place	Existing
7	plaintiff	Directorate of Health Affairs in Taif	Administrative Court in Makkah	05/11/1444H (corresponding to 25/05/2023G)	2,000	Appeal against the decision to impose a fine on the Company in the amount of 2,000 Saudi riyals due to the lack of availability of some medicines in one of the Company's pharmacies	Existing
8	plaintiff	Directorate of Health Affairs in Jeddah	Administrative Court in Jeddah	24/11/1444H (corresponding to 13/06/2023G)	12,000	Appeal against the decision to impose a fine on the Company in the amount of 12,000 Saudi riyals due to the lack of availability of some medicines in one of the Company's pharmacies	Existing
9	plaintiff	Directorate of Health Affairs in Taif	Administrative Court in Makkah	07/11/1444H (corresponding to 27/05/2023G)	15,000	Appeal against the decision to impose a fine on the Company in the amount of 15,000 Saudi riyals due to the high temperature of the refrigerator and the lack of a record of psychiatric medications	Existing

10	plaintiff	Directorate of Health Affairs in Taif	Administrative Court in Makkah	17/11/1444H (corresponding to 06/06/2023G)	5,000	Appeal against the decision to impose a fine on the Company in the amount of 5,000 Saudi riyals due to the lack of availability of some medicines in one of the Company's pharmacies	Existing
11	plaintiff	Directorate of Health Affairs in Taif	Administrative Court in Makkah	11/11/1444H (corresponding to 31/05/2023G)	5,000	Appeal against the decision to impose a fine on the Company in the amount of 5,000 Saudi riyals for not having a pharmacist's license	Existing
12	plaintiff	Directorate of Health Affairs in Jeddah	Administrative Court in Jeddah	17/09/1444H (corresponding to 08/04/2023G)	10,000	Appeal against the decision to impose a fine on the Company in the amount of 10,000 Saudi riyals due to the lack of availability of some medicines in one of the Company's pharmacies	Existing
13	Defendant	Property Owner (Lessor)	General Court in Jeddah	28/07/1444H (corresponding to 19/02/2023G)	-	Requesting the Company to cancel a lease contract	Existing

Source: Al-Mujtama Al-Raida Medical Company

Other than what is stated in the table above, the Company and its Board of Directors are not subject to any lawsuits or legal procedures that may materially affect the Company's business or financial condition as of the date of this document.

2-1-36 Risks related to the Coronavirus (Covid-19) pandemic

The spread of the new Corona virus Covid-19 (COVID-19) began in December 2019G, and the World Health Organization announced its classification of the virus as a global pandemic in March 2020G, and the virus subsequently spread widely and rapidly as the world faced an unprecedented health and economic crisis. In February 2020G, when the dangerous virus began to spread more and more, many countries began imposing public health containment measures to delay its spread and enhance the capacity of the health sector. The development of the situation in this way led to a sudden halt in economic activities and a sharp decline in economic prospects. As a result, the spread of the virus had a major impact on the global economy and put pressure on individuals, companies, and governments.

The government of the Kingdom of Saudi Arabia has imposed health and economic measures to contain the consequences of the increasing spread of the virus, like many countries in the world and the region. The health measures included the imposition of a partial or complete curfew in some cities and governorates of the Kingdom, complete and partial closure of economic and governmental activities, the closure of shopping centers and retail showrooms, and the closure of malls and commercial activities and all activities within them, with the exception of food stores and pharmacies, reducing the number of working hours for some sectors or obligating some to work remotely, etc., and suspended all domestic flights, buses, taxis and trains. Suspended entry for the purposes of Umrah and visiting the Prophet's Mosque from outside the Kingdom, and quarantine. Economic measures

included financial support for citizens and those affected by the Corona pandemic, state-paid family and sick leave, expansion of unemployment compensation, delaying tax payments, and other measures to support businesses.

On 03/09/1441H (corresponding to 26/04/2020G), a royal decision was issued to return life to normal and partially lift the curfew in all regions of the Kingdom, while ensuring adherence to precautionary measures of physical distancing and determining the number of people present in workplaces and the provision of services.

On 02/08/1443H (corresponding to 05/03/2022G), an official source in the Ministry of Interior announced the Kingdom's decision to lift the precautionary and preventive measures related to combating the Corona pandemic, through several matters, the most important of which is stopping the application of social distancing measures in all places (closed and open) and not requiring the wearing of a mask in open spaces, while continuing to require wearing it in closed spaces.

The current health situation in the Kingdom is subject to continuous monitoring by the Ministry of Health by issuing periodic statistical reports to monitor the numbers of infections, recoveries and deaths, and all regions and cities of the Kingdom of Saudi Arabia are subject to continuous evaluation by the Ministry of Health.

Due to the lack of clarity about the possible consequences related to developments and progress in the spread of the virus, which may require re-imposing precautionary and preventive measures in the cities of the Kingdom, or banning travel, or preventing imports from some foreign countries, and therefore there is no expected date for the end of this epidemic as of the date of this document.

Although the Company is committed to the instructions issued by the Ministry of Health and the Ministry of Human Resources and Social Development to implement the necessary preventive measures and precautions, the Company does not guarantee that one of its employees will not be infected with the virus, which may lead to him being unable to work or transmitting the infection to his colleagues, which will lead to a disruption of the operation process. Thus, it negatively affects the Company's business, results of operations, financial condition, and future prospects.

2-1-37 Risks related to electricity expenses

Although the community pharmacies participating in the «Wasfaty» system are an extension of the health services provided by the Ministry of Health to citizens, the classification of these pharmacies and their affiliated warehouses falls under the tariff of the retail trade sectors of the Electricity Company, which is considered the highest among the Ministry of Commerce's tariffs, which will affect electricity expenses, which in turn will reflect negatively on the Company's profits and returns.

2-1-38 Risks of geographical concentration

The Company's revenues are currently concentrated mainly from its branches in the Western Region in the Kingdom of Saudi Arabia, where revenues from the Western Region constitute approximately 93%, 92%, and 91% of the Company's total revenues as in 2021G, 2022G, and the first half of 2023G, respectively

(For more details, please see Subsection No. (3-13-2) «Revenues according to geographical distribution»). As a result, the Company's pharmacies in the Western Region are partially or completely exposed to any external factors that may affect the conduct of their business, whether increased competition in the region, decreased demand from customers located within a certain geographical scope, or the region's exposure to natural disasters. This will lead to a decrease in the Company's revenues, thus having a negative and material impact on the Company's business, results of operations, financial condition, and future prospects.

2-1-39 Risks related to exclusive rights in the pharmaceutical and health products market

Medical product manufacturers often contract with specific distributors and suppliers through whom they exclusively distribute and supply medical products manufactured by them. Therefore, if the Company is unable to build a good relationship with suppliers or distributors, this may result in the Company not obtaining those products, thus having a negative and material impact on the Company's business, its ability to compete, and the results of its operations. The exclusive right to distribute or supply medical products gives the distributor or supplier an advantage in negotiating when selling these products, which results in the Company being unable to negotiate competitive prices. Therefore, if the Company is unable to negotiate with distributors and exclusive suppliers in order to obtain competitive prices, or if distributors and exclusive suppliers raise the prices of their products and there are no alternative products in the market, the Company may be forced to bear a higher cost to obtain those products. The occurrence of any of these factors will have a negative and material impact on the Company's business, results of operations, financial condition and future prospects

2-1-40 Risks related to the regulatory requirements imposed by the Food and Drug Authority and the Ministry of Health

The Saudi Food and Drug Authority is the government body responsible for regulating, monitoring and supervising medicines, medical devices, food and cosmetics within the Kingdom, whether imported or manufactured locally. It also regulates the pricing rules for pharmaceuticals and medicines and controls narcotic substances. The Pharmaceutical and Herbal Preparations and Establishments Regulation governs activities related to the licensing of pharmacies and warehouses, the manufacturing, storing and pricing of pharmaceutical stuff (drugs). In the event of failure to meet the standards of the Saudi Food and Drug Authority or the rules and regulations governing the pricing and storage of medicines, the Company may be exposed to penalties, including a fine not exceeding 500,000 Saudi riyals or cancellation of the license granted to the Company, which will have a negative and material impact on the Company's business, financial condition, results of operations and future prospects.

2-1-41 Risks related to cash sales

Sales collected through cash payments by the Company's customers represented approximately 28.20%, 24.70%, and 23.50% of total sales as of 2021G, 2022G, and the first half of 2023G, respectively. The Company collects the money collected from cash sales from pharmacies through a specialized team on a daily basis, and it is deposited in the Company's bank accounts within a period not exceeding 24 hours. The risk of this is that the cash amounts received from the Company may be stolen, whether by employees working in the Company's pharmacies or by others. Given the large volume of cash transactions necessary to operate the Company's business, any theft or other loss that may occur will have a negative and material impact on the Company's business, results of operations, financial condition and future prospects.

2-1-42 Risks related to the renovation and redevelopment of the Company's pharmacies

The Company must carry out renovation, expansion, improvement and/or redevelopment work for its current pharmacies on an ongoing basis, in order to maintain their attractiveness and continued demand for them from the Company's customers. Due to the development of the pharmacy sector in the Kingdom, the aspirations, tastes and choices of pharmacy visitors may change. If the Company does not carry out these renewal works where appropriate or necessary, this may negatively affect the financial performance of the respective pharmacy, as it may not be able to compete effectively with the new pharmacies of its competitors. Any pharmacies renovation work may also cause the Company's revenues to decrease partially and temporarily during the period of renovation work for that pharmacy. In addition, it is possible that increased costs could lead to a decrease in the Company's operating income, which would have a negative and material impact on the Company's business, financial condition, results of operations, and future prospects.

2-1-43 Risks related to the stability of the operating profit margin ratio

The operating profit margin in the pharmaceutical sector is considered a fixed and simple margin, which does not exceed a certain range and average, which makes the Company's profitability highly correlated with sales performance. If sales fluctuate significantly for any reason, such as increased competition, changing tastes, weak purchasing power, or other reasons, this will have a material negative impact on the Company's revenues, results, and financial condition, and may lead to a loss for the Company in the event of insufficient operating profit margin to cover the Company's fixed costs.

2-1-44 Risks related to waste treatment procedures and fees

The Company's operations are subject to several regulations related to the management and treatment of medical waste, including the Unified System for Healthcare Waste Management in the Gulf Cooperation Council countries (issued by Royal Decree No. (M/53) dated 16/09/1426H). Accordingly, in the event of non-compliance with the regulatory standards and procedures related to the proper management and treatment of healthcare waste in accordance with what is required under these regulations, the Company may be exposed to the penalties and fines stipulated in the regulation, which may amount to the closure of the facility or a section of it for a period not exceeding (60) Sixty days, withdrawal of the license, or a fine of up to one hundred thousand Saudi riyals, which will have a negative and material impact on the Company's business, results of operations, financial condition, and future prospects.

The Ministry of Municipality and Rural Affairs also assigned the waste disposal service to private companies, as these companies increased waste disposal fees, which led to the Company incurring additional expenses and thus affecting its profit margin. The Company does not guarantee that these fees will not increase in the future, which will have a negative impact on the Company's profitability, returns, and business results.

2-1-45 Risks related to refusal of agents to compensate pharmacies for the difference in the price of medicines after they were reduced by the Food and Drug Authority.

The discount rates applied to medical and pharmaceutical products by the Food and Drug Authority are subject to change without notice. However, when the prices of some medicines and medical products are reduced by the Food and Drug Authority, some agents and distributors refuse to return the items whose prices have been modified or to compensate pharmacies for the difference between the old price and the new reduced price, which in turn has a negative impact on the Company's profitability rates, returns, and business results.

2-1-46 Risks related to the periodic fluctuation of the number of pharmacies

The Company's revenues are relatively affected by the number of pharmacies operating annually, and the number fluctuates periodically as a result of the opening of new pharmacies and the closure of others. The Company's marketing team periodically evaluates the market situation in order to study business opportunities and monitor strategic locations and markets that constitute commercially profitable options that can constitute a fertile sales environment for the Company.

The Company may be forced to close some pharmacies due to their age and replace them with larger, better-designed pharmacies in new locations with the aim of creating an attraction factor for the largest possible number of customers, or due to the high rental value of some pharmacies, intense competition, or excavation work in the surrounding area that prevents access to them. The Company may be forced in the future to close a number of its pharmacies for any of these reasons, and thus the Company may lose its revenues from those pharmacies and may not be able to compensate for those revenues by opening new pharmacies in other locations, which will have a material negative impact on the Company's business, results of operations, financial condition and future prospects

2-1-47 Risks related to the provision of narcotic drugs and psychotropic substances

The Ministry of Health requires that there be at least one pharmacy for every (20) pharmacies with the same owner that sell narcotic drugs and psychotropic substances, taking into account the equitable geographical distribution of pharmacies. Providing these medications causes a freeze of capital in addition to the risk of exposure to raids by addicts, which affects the security and safety of pharmacy workers. These types of medicines may cause huge losses to the Company if they expire due to the refusal of agents and suppliers to compensate them. Although these products have never caused losses to the Company, as the goods are subject to return and replacement according to the contracts and agreements signed with agents and suppliers, if this happens for any reason, it will have a negative and material impact on the Company's operations, profitability and financial condition.

Incidents of assaults on pharmacists and health practitioners have also increased in recent years, and the Company does not guarantee that such incidents will not occur to its employees, which may lead to employees refusing to work in such conditions that affect their safety, which in turn will reflect negatively on the Company's business, operations, financial performance, and future prospects.

2-1-48 Risks related to health mistakes

Since the Company operates in the pharmacy sector, it is possible that one of its pharmacists or health practitioners may commit medical mistakes when providing products or services, such as selling medications without prescriptions, or dispensing the wrong medications that are not appropriate for the patient's condition. Although the Company is obligated to undertake cooperative insurance against professional medical errors and errors of health practitioners pursuant to Cabinet Resolution No. (300) dated 21/04/1444H (corresponding to 15/11/2022G), it is possible that the Company will incur additional and unexpected costs in the event such incidents occur before the pharmacist obtains mandatory insurance coverage or if the error is not covered by insurance coverage. If the Company is exposed to any of the above, the Company may be exposed to legal claims and may incur unexpected costs, which will have a material negative impact on the Company's business, results of operations, financial condition and future prospects.

2-1-49 Risks related to seasonal factors

The Company's revenues may be affected by some seasonal factors that lead to fluctuations in sales, as the consumption of medicines and medical supplies is likely to rise relatively during some periods of the year, such as the month of Ramadan, the Hajj season, and the return-to-study season, during which viruses and infectious diseases increases. The Company may not be able to accurately plan its business based on its future prospects, which may negatively affect the Company's business, results of operations, financial condition, and future prospects

2-1-50 Risks related to the e-commerce platform

The Company launched the electronic pharmacy during the year 2020G with the aim of reaching a larger segment of customers and beneficiaries, increasing sales, and keeping pace with the developments of the current era. The Company achieved sales through the e-commerce platform and through its website at a rate of 0.32%, 0.43%, and 0.17% of total revenues during 2021G, 2022G, and the first half of 2023G, respectively. Electronic pharmacies and the field of electronic health care are relatively new in the Kingdom. Therefore, the Company does not guarantee the success of the electronic pharmacy and its ability to achieve growth in the future, as the level of sales is fundamentally affected by market variables, behavior and demand of consumers.

The electronic platform may also be exposed to various technical and operational risks. The Company does not guarantee that it will not be exposed to such risks or that it will be able to obtain the technical support necessary to operate its electronic commerce platform and address the defect when it occurs on time and as required, or

that this technical support will remain existing in the future and on acceptable commercial principles. This will have a negative impact on the Company's performance, business operations and financial results.

The online commerce sector is also witnessing rapid growth in the Kingdom, and is therefore exposed to a number of risks, including the possibility of imposing new regulatory restrictions regarding online commercial activities under the e-commerce system and its implementing regulations. The Company may not be able to comply with it in a timely manner, which could expose it to regulatory penalties and fines such as a warning, the imposition of a financial penalty, or a temporary or permanent ban from practicing the Company's activity. If any of the previous risks materialize, this will have a negative and material impact on the Company's business, results of operations, financial condition and future prospects.

2-1-51 Risks related to IT network failures

The Company relies heavily on information technology systems in its operations, such as the enterprise resource planning system. The Company's ability to effectively manage its internal business (such as: logistics, inventory, and operations) also depends on the reliability of its information technology network and its ability to link and track all work in the Company's branches and departments. The Company's information technology systems may be exposed to damage resulting from several possible causes, such as computer viruses, human errors, natural disasters, electronic attacks by penetrators or hackers, hardware or software failure, power fluctuations, cyber terrorism, and other similar technical problems. If the Company's information technology systems fail to work as expected for any reason, or if any security breach occurs, this will lead to several negative consequences, such as: disruption of the Company's business and commercial activities, decreased effectiveness and efficiency of operations, loss, leakage, or misuse of important or confidential information related to the Company's clients or employees, which may harm the Company's reputation and negatively affect its performance due to judicial procedures or lawsuits filed against it if it does not maintain the integrity and confidentiality of the data.

In addition, the Company will incur significant costs to upgrade its IT systems and networks, or to adopt additional measures to protect its data and IT systems from damage resulting from such disruptions or security breaches in the future. Any malfunctions in the Internet network or in the Company's information technology infrastructure, or the occurrence of any of the above-mentioned risks, will have a negative and material impact on the Company's business, results of operations, financial condition and future prospects.

2-1-52 Risks related to a member of the Board of Directors engaging in business that is competitive with the Company's business

In accordance with Article (44) of the Corporate Governance Regulations and Article (27) of the Companies Law, members of the Board of Directors may not participate in any work that would compete with the Company, or compete with the Company in one of the branches of activity it practices; Otherwise, the Company may demand appropriate compensation from him before the competent judicial authorities, unless he obtains approval from the Ordinary General Assembly allowing him to do so, as this approval is renewed annually.

It is worth noting that the Deputy Chairman of the Company's Board of Directors (Mr. Hisham Omar Baroum) is involved in a business competing with the Company, as he is a member of the Board of Directors of «**Saudi Innova Healthcare Company**», a company that engages in an activity similar to Al-Mujtama Al-Raida Medical Company, which may lead to a conflict in the interests between the business of the concerned board member on the one hand, and the Company's business on the other hand. The Extraordinary General Assembly held on 29/11/1444H (corresponding to 18/06/2023G) approved the participation of the Deputy Chairman of the Board of Directors, Mr. Hisham Omar Baroum, in competing businesses through his membership in the Board of Directors of a company that practices an activity similar to the Company's activity.

Any board member who is involved in business competing with the Company is prohibited from voting on the relevant decisions or items of the association. One of the potential risks is that the Board of Directors or the General Assembly may not approve the participation of board members in business competing with the Company. In this case, the board member who is considered to have a stake in that transaction must submit his resignation or take measures to ensure that he no longer has any interest, such as terminating the contract in question or

waiving the rights arising from said interest. These members may have a significant influence on the Company's decisions, and sometimes their interests may not be consistent with the Company's interests, or they may benefit from internal information that is used for private interests or in a way that is inconsistent with the Company's interests and objectives, which would have a negative and material impact on the Company's business, results of operations, financial condition and future prospects.

2-1-53 Risks related to the account of projects under implementation

The accounts of works and projects in progress in the Company's financial statements represents the capital expenditures incurred to establish projects or works in progress that have not yet been completed. These expenses are recorded under the projects in progress account until the corresponding assets become ready for use, then they are transferred to property and equipment item when completed and they are depreciated in accordance with the Company's accounting policies.

The balance of projects under implementation at the Company amounted to (SAR 67,772) Saudi riyals as at the end of 2021G, amounted to 15,084,803 Saudi riyals as at the end of 2022G, and amounted to (SAR 34,473,897) Saudi riyals as at 30/06/2023G. The Company's work in progress represented about 0.04% of the Company's total non-current assets as at the end of 2021G, while it constituted about 8.65% of the Company's total non-current assets as at the end of 2022G, and about 15.21% of the total non-current assets for the Company as of the end of the first half of 2023G. These projects represent the establishment of new warehouses and branches for pharmacies for the Company. These works are expected to be completed during the last quarter of 2023G.

The following table shows the details of the Company's accounts for projects under implementation as of the end of 2021G, 2022G, and the first half of 2023G:

Table 7: Account details for projects under implementation

Account movement for projects under implementation	For the fiscal year ended on 31/12/2021G (Saudi Riyal)	The fiscal year ended on 31/12/2022G (Saudi riyals)	The fiscal period ended on 30/06/2023G (Saudi riyals)
Balance at the beginning of the fiscal period	-	67,772	15,084,803
Additions during the fiscal period*	67,772	13,667,200	21,513,710
Property and equipment transferred during the fiscal period	-	(1,917,994)	(4,839,377)
Transferred from right-of-use assets	-	3,267,825	2,714,761
Total	67.772	15,084,803	34,473,897

Source: Al-Mujtama Al-Raida Medical Company

*The additions to the Projects Under implementation account represent the capital expenditures incurred to establish new warehouses and branches for pharmacies for the Company.

In the event of any cessation or delay in these works and projects for any reason, such as natural disasters, sudden malfunctions, fires, or any failure affecting the infrastructure, sites, or computers, or the cessation of the supply of energy and electricity, or otherwise, this will have a negative and material impact on the Company's business, expansion plans, financial condition and future prospects.

2-1-54 Risks related to the item of Improvements to Third Party Properties

The improvements to third party property account represents the expenses and costs incurred by the lessee to improve and develop the leased pharmacy sites, as they are recorded in the fixed assets account under the item (property and equipment), and are depreciated in accordance with the Company's accounting policies. Improvements to third-party property include, but are not limited to, painting interior walls and ceilings, electrical and plumbing works, decorations, fixtures, flooring, etc.

The net book value of the balance of improvements to third-party property at the Company amounted to (SAR 24,302,381) Saudi riyals as at the end of the year 2021G, amounted to (SAR 25,148,969) Saudi riyals as at the end of 2022G, and amounted to (SAR 28,056,326) Saudi riyals as at the end of the first half of 2023G. Improvements to third-party property constituted approximately 78% of the net book value of the Company's property and equipment balance as in 2021G, while they constituted approximately 72% of the net book value of the property and equipment balance as in 2022G and the first half of 2023G, respectively.

The Company relies on leasing all of its pharmacy locations, and the duration of the Company's lease contracts ranges from one to 20 years. In the event that the Company incurs high costs on improving, developing, and renovating the leased sites and is unable to benefit from removing the transferable improvements without damaging them or damaging the leased property, and in the event that the Company does not succeed in negotiating the renewal of its lease contracts or renewing them at appropriate terms, or in the event of closing any of its branches for any reason and the eviction of those leased locations may result in huge losses to the Company and will have a material negative impact on its business results, profitability, financial condition and future expansion plans.

2-1-55 Risks related to the presence of one family controlling both the Company's board of directors and executive management

The Company's board of directors consists of five members, including (3) three members from one family, all of whom are non-independent members. Mr. Omar Yousef Khoja holds the position of Chairman of the Board of Directors and is a major shareholder in the Company, and Mr. Abdulaziz Omar Khoja holds the position of a member of the Board of Directors and the Managing Director, and he is a shareholder in the Company. Mr. Yousef Omar Khoja holds the position of a member of the Board of Directors and Director of the Human Resources Department and is a shareholder in the Company. Five (5) members of the Khoja family also hold positions in the executive management, including the Managing Director, the Director of Human Resources, the Director of Purchasing, the Director of Warehouses, and the Director of the Technical Supervision and Technical Support Department. Therefore, the Khoja family has control over both the Company's board of directors and executive management, which may increase the likelihood of making decisions that materially affect the Company and its future performance.

2-1-56 Risks related to the possibility of a disposition by agreement between a group of shareholders from the same family

A group of the same family owns shares in the Company. Therefore, any disposition by agreement between some shareholders from the same family for any disposition may conflict with the interest of other shareholders, which may have a negative and material impact on the Company's business results, profitability, financial condition and future expansion plans.

2-2 Risks related to the market and sector in which the Company operates

2-2-1 Risks related to political, security and economic variables

The Company's activities are concentrated within the Kingdom, and therefore its financial performance is linked and dependent on the economic and political conditions and events in the Kingdom, in addition to global economic and political conditions, which in turn affect the Kingdom's economy directly and indirectly. Since the Kingdom's economy is still largely dependent on the oil and energy sector, price fluctuations in this sector may negatively affect the Kingdom's economy in general, which will reflect negatively on the Company's performance. Also, the fluctuations in economic factors, such as salary and tax levels, unemployment rates, interest rates, etc., will in turn affect the consumption behavior of customers, which may have a negative impact on the Company's financial performance.

In addition, many countries in the Middle East and the world suffer from unstable political and security conditions. It is not guaranteed that the impacts of the political relations between these countries and the Kingdom, or the development of circumstances therein, will not affect the performance of the economy, investment, or Capital Markets within the Kingdom in general, and on the Company's financial performance in particular. In addition, any change that may occur in support policies or trade and tax policies within the Kingdom, or between the Kingdom and other countries, may have a direct impact on the Company's costs and its relationships with suppliers, which will have a negative and material impact on the Company's financial condition and future prospects.

2-2-2 Risks related to increasing competition factors in the sector in which the Company operates

The pharmacy, healthcare, and retail sectors are highly competitive sectors within the Kingdom, and this competition is expected to increase in the future.

The Company faces intense competition from retail pharmaceutical companies (traditionally or online), malls, and healthcare providers. Some of these competitors may also have operational, development, and financial capabilities that exceed the Company's current capabilities, enabling them to cover a wider network of customers and meet faster market needs.

There are also a number of competitive factors that will have a fundamental impact on the Company's performance and results if they occur, such as the use of innovative sales and marketing methods by the Company's current or new competitors, or the launch of electronic platforms specialized in selling the same products that the Company sells, or the suppliers opening their own stores, or increasing competition through the entry of new competitors into the sector. The Company will also face intense competition if it enters new areas within the Kingdom from competitors present in those areas.

There is no guarantee that increased competition in the future will not affect the quality of the products and services provided by the Company, or that the Company will continue to excel in the products and purchasing experience that it provides, or that the Company will not lose its market share, which will have a negative and material impact on the Company's financial results.

2-2-3 Risks related to the requirements of the labor system and Saudization

The Kingdom attaches utmost importance to the issue of nationalization within the framework of «**Vision 2030**», and therefore compliance with Saudization requirements is considered a regulatory requirement according to which all companies commit to employing Saudis and maintaining a certain percentage of Saudi employees out of the total number of their employees. As of 30/07/2023G, the total number of the Company's employees reached

(775), including (559) non-Saudis and (216) Saudis. The Company's Saudization rate within its main activity reached 31.23%, according to the «Qiwa» platform of the Ministry of Human Resources and Social Development as of 30/07/2023G, and therefore it falls under the «medium green range» (see Section No. (3 - 22) «Employees and Saudization» of this document). It is worth noting that the Company implemented all decisions issued by the Ministry of Human Resources and Social Development regarding the localization of professions related to the pharmacy profession, which kept the Company within the safe scope and ensured that it implemented its development and expansion plans without delay or faltering. However, if the Company is unable to maintain the required Saudization rate, or if the Ministry of Human Resources and Social Development decides in the future to impose stricter nationalization policies that are difficult for the Company to adhere to, this may lead to the imposition of penalties on the Company, such as suspended applications for work visas and transferring sponsorship for non-Saudi workers, which will have a negative impact on the Company's business, results of operations and future prospects.

2-2-4 Risks related to value added tax

On the second day of the month of Jumada Al-Awwal in the year 1439H, the Saudi Council of Ministers approved the unified agreement for value-added tax for the Gulf Cooperation Council countries, which came into force as of 01/01/2018G. Based on this system, and starting from the date of 14/04/1439H (corresponding to 01/01/2018G), a value-added tax of 5% was imposed on a number of products and services in accordance with the implementing regulations for the value-added tax, and the government of the Kingdom increased the value-added tax rate from 5% to 15%, starting in July 2020G, after the Kingdom's economy was affected by the consequences of the Corona pandemic. A number of products and services were excluded from the tax, including basic foods and services related to health care and education.

If the government raises the tax rate, or applies any new type of fees and taxes, the Company may raise the prices of its products in order to charge the customer these fees and taxes, which may lead to a decrease in demand for the products that the Company sells and to which value-added tax applies. If the Company bears these fees and taxes, this will directly affect the Company's profitability, which will negatively affect the Company's results, financial condition, and future prospects.

2-2-5 Risks associated with the mandatory implementation of the Corporate Governance Regulations

The Board of the Capital Market Authority issued the new corporate governance regulations pursuant to Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the companies' system issued by Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 11/11/2015G), amended by the decision of the Capital Market Authority Board No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) and its amendments, based on the Companies Law issued by Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G).

It is noteworthy that the Corporate Governance Regulations have obligated companies listed on the parallel market to certain paragraphs and articles contained therein, namely Paragraph (C) of Article (13), Paragraph (B) of Article (50), Paragraph (A) of Article (51), and Article (52), Article (56), and Article (88), all of which the Company has implemented and adhered to as of the date of this document. Although the rest of the articles in the Corporate Governance Regulations are considered indicative for companies listed in the parallel market as of the date of this document, the Company's success in adhering to them correctly if implemented in a mandatory manner, depends on the extent of comprehension and understanding of the Board of Directors, its committees, the executive management and employees of the Company. The Company adheres to these rules and procedures. Accordingly, in case the Company does not comply with this, it will be subject to penal violations by the Capital Market Authority, which will have a material negative impact on the Company's business and results of operations.

2-2-6 Risks of changes in relevant laws and regulations

The Company - like other companies operating in the Kingdom - is subject to a number of regulations, laws and regulations, such as the labor system, the municipal system, and the rules and regulations issued by the Food and Drug Authority and the Ministry of Health. Such competent authorities may change or update or issue new systems and laws in the future, so that there can be no assurance that future amendments to laws and regulations or changes in governmental policies will be suitable for the Company. Also, new laws and regulations may be issued by the relevant official authorities from time to time, the interpretation and application of which may be ambiguous in some aspects. The Company may also be unable to anticipate the changes that will occur in the relevant regulatory environment, and may therefore be exposed to unplanned costs or fines and penalties. If any of this occurs, there may be a material negative impact on the Company's business, results of operations, financial condition and future prospects.

2-2-7 Risks of changes in relevant laws and regulations

In 2016G, the Kingdom's government adopted a number of decisions that accompanied the comprehensive improvement campaign that the Kingdom witnessed regarding the labor market. These decisions included imposing additional fees on non-Saudi workers who work in private sector establishments, beginning in 2018G. Fees were also increased for the financial compensation for dependents and companions of non-Saudi workers starting from 14/04/1439H (corresponding to 01/07/2017G), as the increase in these government fees led to an increase in the cost of living for non-Saudi employees and their families, which may prompt them to search for job opportunities in other countries with lower cost of living. This in turn will make it difficult for the Company to retain these employees, which may force it to bear those additional fees to retain some of these employees, which in turn will have a negative and material impact on the Company's profitability and financial results.

2-2-8 Risks of growth opportunities

The Company's growth and business development depend on several factors, such as the level of competition in the market, the availability of human and material resources, the strength and experience of the management team, marketing, and others. There is no guarantee that the Company will continue to maintain growth continuously or according to its prospects, as the Company may face difficulties in developing its market share, expanding its activity, and increasing sales. Therefore, if the Company is unable to deal with all of these factors positively, this may affect its growth, profits and market share, which will have a negative and material impact on its performance, results and future prospects.

2-2-9 Risks of natural disasters such as floods, earthquakes and other events

The Company may be exposed to the occurrence of natural disasters beyond its control, such as floods, earthquakes, storms, fires, and other catastrophic events that may cause damage to the Company's facilities and the locations of its pharmacies, and thus negatively impact the Company's operations and operational results. The occurrence of any of these disasters will lead to the Company incurring additional costs to correct these damages, which inevitably leads to higher expenses and a decrease in the Company's profitability.

2-2-10 Risks of interest rate fluctuations

The interest rates payable to the Company's financing parties may change, whether fixed or variable, depended on economic, political, or regulatory changes, locally or globally. Although the Company does not depend on any external parties to obtain financing, it may need financing from financing parties in the future, and the risk of interest rate fluctuations will lead to an increase in the financing costs that the Company needs, which will have a negative impact on the Company's business, results of operations, financial performance and profitability.

2-2-11 Risks related to the imposition of new fees or taxes

The Company's business is currently subject to value-added tax, and other fees and taxes may be imposed on companies by the government in the future, or the tax rate may increase. If new taxes or fees are imposed on companies other than those currently applied, this would negatively affect the Company's profits and future prospects.

2-3 Risks related to shares that will be listed directly in the parallel markets

2-3-1 Risks related to potential fluctuations in the share price

The Company's share price may be subject to a large degree of fluctuation after listing and may not be stable as a result of several factors, including, but not limited to, market conditions related to the shares, any regulatory changes in the sector, the deterioration of the Company's business results, the inability to implement future plans, the entry of new competing companies, or a change in the vision or estimates of experts and analysts for the stock market. It should also be noted that the indicative price of the Company's shares upon listing is not an indicator of the market price after listing, and there is no guarantee that the market price of the Company's shares immediately upon listing on the Capital Market will not be less than the indicative price, which will negatively affect investors.

2-3-2 Liquidity risk of the Company's shares

The Company's shares have not previously been listed on any stock market, whether inside or outside the Kingdom of Saudi Arabia, before being listed directly in the parallel market. There are no confirmations regarding the existence of an effective and continuous trading movement in the Company's shares after the end of the listing process. If the market is not an active market with high liquidity to trade the Company's shares, the liquidity and trading price of the Company's shares will be adversely and materially affected.

2-3-3 The risks of restricting trading in the parallel market to qualified investors

The Company intends to list its shares in the parallel market, in which trading is limited to qualified investors only, which reduces the number of traders and thus the volume of trading in the stock, which may have a material negative impact on the liquidity and trading price of the Company's shares.

2-3-4 Risks related to future data

The future results and expected performance data of the Company cannot be guaranteed with certainty, and may differ from those contained in this document. Accordingly, the failure to achieve the expected results or the difference in actual data from those expected are considered risks that the shareholder should be aware of before making any investment decision.

2-3-5 Risks of selling or offering additional shares in the future

If the Company decides to increase its capital by issuing new shares in the future for the purpose of expanding the Company's activities or to cover losses, this will likely lead to a negative impact on the share price in the market or a decrease in shareholders' ownership of the Company if they do not invest in the new shares at that time.

2-3-6 Risks of not distributing Dividends to shareholders

The future distribution of profits depends on several factors including, but not limited to, future profits, financial condition, capital requirements, the Company's distributable reserves, general economic conditions, analysis of investment opportunities and needs and other relevant factors which the Board of Directors may consider important from time to time. Based on that the Board of Directors will decide whether or not to submit any recommendation to the General Assembly of Shareholders to distribute dividends in the future. The Company provides no guarantee whatsoever that the Board of Directors will recommend the distribution of dividends or that the Board of Directors' recommendation to distribute any dividends will be approved by shareholders at the General Assembly meetings, nor does the Company provide any guarantee regarding the amounts that will be paid as dividends in any given year.

2-3-7 Risks associated with actual control by current shareholders after listing

After completing the listing process, the current shareholders, together or with other shareholders, may be able to control decisions that require shareholder approval, such as mergers, acquisitions and asset sales, electing board members, increasing or decreasing the capital, issuing or not issuing additional shares, distribution of profits, or any change in the Company. If the interests of the current shareholders conflict with the interests of the minority shareholders, this may put the minority shareholders in a position that is not in their favor, and the current shareholders may exercise their control over the Company in a way that negatively and materially impact on the Company's business, financial condition, results of operations and future prospects.

2-3-8 Risks associated with the lack of a prior market for the Company's shares

The Company's shares had not previously been listed on any stock market, whether inside or outside the Kingdom of Saudi Arabia, prior to this direct listing in the parallel market, and there are no assurances regarding the existence of an effective and sustainable market for trading the Company's shares after listing. Direct listing may result in limited supply or demand for the Company's shares, which will affect their price. If there is no active market for trading the Company's shares, its liquidity and trading price may be significantly and negatively affected.

2-3-9 Risks associated with selling a large number of shares in the market after the listing process

The sale of a large number of the Company's shares in the Capital Market after the completion of the listing process or the expectation that this process will occur will negatively affect the Company's share price in the market. The Company has two large shareholders who collectively own 44.93% of the Company's total shares, and they have the right to dispose of their shares after the end of the lock-up period. The sale of a large number of shares by current shareholders may negatively affect the Company's shares, and thus cause their price to decline in the market. It is also worth noting that the number of shareholders on whom the lock-up period does not apply, and who can sell shares immediately after listing are (101) shareholder, owning 55.07% of the Company's total shares. The high percentage of ownership of shareholders who will not be subject to the lock-up period may contribute to a higher risk of a decline in the share price as a result of the increased possibility of selling a large number of shares in the market after listing.

2-3-10 Risks that the Company will not be able to meet the current requirements for moving to the main market or any future regulatory requirements

After the regulatory period has passed under the listing rules, the Company may wish to move to the main market. In order for the Company to be able to move, it must fulfill the regulatory requirements issued by the Capital Market Authority and the Saudi Tadawul Company (Saudi Tadawul) based on the rules for offering securities, continuing obligations and listing rules, related to the transfer the companies listed in the parallel market to the main market. Therefore, if the Company is unable to meet these requirements or any additional future regulatory requirements that may be imposed by the regulatory authorities on the Company or the market, the Company will not be able to move to the main market. Since the parallel market, as of the date of this registration document, is a market in which trading is limited to qualified investors only, the daily trading volume and liquidity will be less than in the main market and thus will negatively affect the liquidity of the Company's shares and its market value.

2-3-11 Risks associated with not having a specific number of shares allocated for sale

The direct listing of the Company's shares in the parallel market differs from the listing through the initial public offering, in that there is no prior determination of the number of shares allocated for sale. After the direct listing, all current shareholders in the Company have the right to offer the shares they own for sale (except for Substantial Shareholders who own 5% or more of the Company's shares and who have the right to dispose of their shares after the end of the lock-up period). The absence of a specific number of shares allocated for sale may result in limited supply or demand in the market, which affects the share price. Accordingly, if there is no active market for trading the Company's shares, the liquidity and trading price of the Company's shares will be significantly and adversely affected.

2-3-12 Risk of the historical prices of buying and selling transactions differing from the opening price on the first day of trading of the Company's shares in the parallel market

The Company's shares had never been listed on any stock market, whether inside or outside the Kingdom of Saudi Arabia, before this direct listing in the parallel market. There is also no relationship at all between the historical prices of the buying and selling transactions that took place on the Company's shares in the past and the opening price on the first day. The Company's shares are traded in the parallel market, and there are no confirmations regarding the existence of an effective and continuous market for trading the Company's shares after listing. Direct listing may result in limited supply or demand, which affects the share price. There is an active market for trading the Company's shares, The liquidity and trading price of the Company's shares will be significantly and adversely affected.

2-3-13 The risk of fluctuations in the Company's share price compared to the share prices of companies offered in an initial offering, as there is no specific price for the offering in the case of direct listing.

One of the notable differences between direct listing and listing through the initial public offering of company shares is that there is no specific price for offering shares upon listing, so only an indicative price is set (for more information, please see Section No. (8-2) «**The Indicative share price upon listing and the nominal value for each share**» of this document). The opening price is determined based on the mechanism of supply and demand for the share, and there is no pre-determined price. This may lead to significant fluctuations in the Company's share price, especially the daily fluctuation rate allowed in the parallel market is (30%) up and down. Therefore, there is no guarantee that a shareholder will be able to sell his shares at a price equal to or greater than the purchase price in the future.

2-3-14 The risks of direct listing differing from listing through an initial public offering

The direct listing of the Company's shares in the parallel market differs significantly from the listing through the initial public offering, in that there is no offering of a specific number of the Company's shares for sale before listing, the absence of a mechanism for building an order book to determine the share price, and the absence of price stability mechanism. The Company's current shareholders (except for Substantial Shareholders who own 5% or more of the Company's shares and who have the right to dispose of their shares after the end of the lock-up period) and qualified investors will be able to buy and sell the Company's shares after its direct listing in the parallel market. There are no guarantees regarding the presence of demand for the Company's shares after their listing in the parallel market. There is also no guarantee that the shares will be traded at a specific price upon listing, nor is there a guarantee that the price will be stable upon listing in the market. Therefore, a shareholder may not be able to sell his shares in whole or in part if he wishes to sell, which will negatively and materially affect the liquidity and trading price of the Company's shares after listing.

2-3-15 Risks related to the Company's desire to continue in the parallel market

After listing in the parallel market and after the regulatory period has passed under the listing rules, the Company may meet the conditions for moving to the main market, but it wishes to continue as a company listed in the parallel market and not to move to the main market. Since the parallel market, as of the date of this registration document, is a market in which trading is limited to qualified investors only, the daily trading volume and liquidity may be less than in the main market, thus negatively affecting the liquidity of the Company's share and its market value.



(3)

The Company

3. The Company

3-1 Issuer's Background and Nature of Business

Al-Mujtama Al-Raida Medical Company (hereinafter referred to as the **«Company»** or **«Issuer»**) is a Saudi closed joint stock company pursuant to the Resolution of His Excellency the Minister of Commerce No. (1145), dated 10/01/1444H (corresponding to 08/08/2022G), and under Commercial Registration. No. (4030241534) issued from the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G). The Company's capital is (SAR 95,000,000) ninety-five million Saudi riyals, divided into (9,500,000) nine million five hundred thousand ordinary shares, fully paid, at a nominal value of (SAR 10) ten Saudi riyals per share. The Company operates in the field of operating pharmacies, retailing medicines, pharmaceutical products, cosmetics, toiletries, medical equipment, tools and supplies, and providing pharmaceutical services in the Kingdom of Saudi Arabia. The Company is a pioneer in the field of comprehensive community pharmaceutical and medicine service in the Kingdom, as the Company is distinguished by its effective role in serving the community through strategic partnership with the main stakeholders in the field of health care in the Kingdom, the most important of which is the strategic cooperation with the Ministry of Health in coordination and cooperation with one of the Company's semi-governmental clients to disburse prescriptions through (Wasfaty) program issued by primary care centers and government hospitals affiliated with the Ministry of Health and Medical Services in other government sectors in the Kingdom.

The Company has a chain of (157) pharmacies as of the date of this Document, including (125) existing pharmacies and (32) pharmacies under construction and expected to open within the next twelve months. They are spread throughout various regions of the Kingdom of Saudi Arabia, especially in the Western Region. The Company also has an electronic pharmacy through which sales are made online through the Company's website, including providing free delivery service to customers.

According to its Commercial Registration, the Company's main activity is (pharmacy activities), which falls under the activity of **«wholesale and retail trade and repair of motor vehicles and motorcycles»** according to the Standard Activities Guide issued by the Ministry of Commerce, which includes the following:

- Retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

The Company's other activities as in its Commercial Registration are as follows:

- Medical devices and products stores
- Cosmetics stores
- Pharmaceutical stores
- General stores that include a variety of goods
- Dry food stores
- Pharmaceutical laboratories

The Company's activities, according to its Articles of Association, are:

- Real estate activities: real estate activities in owned or rented properties.
- Professional, scientific and technical activities: main office activities (supervision and management of other units in the Company or institution).
- Construction: electrical installations.
- Transportation and storage: storage.
- Wholesale, retail trade and repair of motor vehicles and motorcycles:
Other types of retail sale in non-specialized stores; and the retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

The Company's headquarters is located in Jeddah at the following address:

Al-Mujtama Al-Raida Medical Company

Main Street, Al-Hamdaniya District, Jeddah

P.O. Box 109474, Jeddah 21351

Kingdom of Saudi Arabia

Tel: +966 920008144

Website: www.almujtama.com.sa

Email: contact@almujtama.com.sa

3-2 Company's Incorporation and most Significant Developments in the Capital Structure

Al-Mujtama Al-Raida Medical Company is a Saudi joint stock company, registered under Commercial Registration No. (4030241534), issued in Jeddah on 14/04/1434H (corresponding to 24/02/2013G). The Company was initially established as a sole proprietorship establishment under the name **«Almujtama Alhadithah Pharmacy»** in 2001G. Later, a group of individual establishments and companies were acquired during different periods of time and all of them were included under the **«Al-Mujtama Al-Raida Medical Company»**.

- The first sole proprietorship establishment was established in 2001G by Mr. Abdulaziz Omar Khoja, under the name **«Almujtama Alhadithah Pharmacy»** registered in the Commercial Registry No. (4030134617) issued by the city of Jeddah on 11/05/1422H corresponding to 01/08/2001G, with a capital of (SAR 30,000) thirty thousand Saudi riyals.
- In 2006G, Mr. Yousef Omar Khoja established a sole proprietorship establishment under the name **«Yousef Omar Khoja Contracting Establishment»**, which was registered in the commercial registry No. (4030164157) issued by the city of Jeddah on 27/08/1427H (corresponding to 20/09/2006G), with a capital of (SAR 25,000) twenty-five thousand Saudi riyals.
- In 2008G, Mr. Ahmed Saud Al-Harithi established a sole proprietorship establishment called **«Almujtama Almotatawerah Medical Pharmacy»**, which is registered in the commercial register No. (4030176660) issued by the city of Jeddah on 19/02/1429H (corresponding to 26/02/2008G), with a capital of (SAR 30,000) thirty thousand Saudi riyals.
- Mr. Abdulaziz Omar Khoja issued branch records under his aforementioned establishment, where the first branch was called **«Abdulaziz Omar Khoja Contracting Establishment»** registered in the commercial register No. (4030265690) issued by the city of Jeddah on 19/04/1435H (corresponding to 19/02/2014G) with a capital of (SAR 30,000) thirty thousand Saudi riyals. The second branch was called **«Almujtama Alhadithah Pharmacy Warehouse»** registered in the commercial register No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G) with a capital of (SAR 25,000) twenty-five thousand Saudi riyals.
- In 2015G, Mr. Ali Ahmed Al-Qahtani established a sole proprietorship establishment called **«Almujtama Jeddah Pharmacy No. 2»**, which is registered in the commercial register No. (4030286926) issued by the city of Jeddah on 20/03/1437H (corresponding to 31/12/2015G) with a capital of (SAR 30,000) thirty thousand Saudi riyals.
- In 2017G, Mr. Yousef Omar Khoja issued a sub-registry under his aforementioned establishment, named **«Almujtama Almasif Pharmacy for Medicines Establishment»** and registered in the commercial registry No. (4602007234) issued by the city of Rabigh on 10/02/1439H (corresponding to 30/10/2017G), with a capital of (SAR 30,000) thirty thousand Saudi riyals.
- In 2018G, Mr. Yousef Omar Khoja assigned the **«Branch of the Yousef Omar Khoja Contracting Establishment»** which is registered in Commercial Registry No. (4030164157) issued from the city of Jeddah on 27/08/1427H

(corresponding to 20/09/2006G), and Mr. Abdulaziz Omar Yousef Khoja assigned the branches: «**Abdulaziz Omar Khoja Contracting Establishment**» registered in Commercial Registry No. (4030265690) issued by the city of Jeddah on 19/04/1435H (corresponding to 19/02/2014G), and «**Almujtama Alhadithah Pharmacy Warehouse**» registered in Commercial Registry No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G), as the parties wished to transform the above-mentioned establishments and branches into «**Al-Mujtama Al-Raida Medical Company**» - a limited liability - in accordance with the Articles of Association No. (247582) dated 11/11/1439H (corresponding to 24/07/2018G), registered in the commercial register No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G), with a capital amounting to (SAR 150,000) one hundred and fifty thousand Saudi riyals.

- In 2019, Mr. Abdulaziz Omar Khoja, Mr. Ahmed Saud Al-Harithi, and Mr. Ali Ahmed Al-Qahtani agreed to transform the two establishments «**Almujtama Almotatawerah Medical Pharmacy**» and «**Almujtama Jeddah Pharmacy No. 2**» and their branches into a limited liability company, where the two establishments were merged and the «**Almujtama Jeddah for Medicines Company**» (a limited liability company) was established, which is registered in the commercial registry No. (4030241534) issued by the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G), pursuant to the articles of incorporation. No. (353462), signed on 26/01/1441H (corresponding to 25/09/2019G), with a capital of (SAR 560,000) five hundred and sixty thousand Saudi riyals, divided into (100) one hundred cash shares of equal value, the value of each of which is (SAR 5,600) five thousand six hundred Saudi riyals.

- The shares were distributed among the partners as follows:

Table 8: Ownership structure as of 25/09/2019G

Partners	No. of Shares	Value per Share (SAR)	Total Value of Shares (SAR)	Ownership percentage (%)
Abdulaziz Omar Khoja	98	5,600	548,800	98.00%
Ahmed Saud Ghouth	1	5,600	5,600	1.00%
Ali Ahmed Al-Qahtani	1	5,600	5,600	1.00%
Total	100	-	560,000	100.00%

Source: Al-Mujtama Al-Raida Medical Company

- In 2020G, the two partners, Mr. Ahmed Saud Al-Harithi and Mr. Ali Ahmed Al-Qahtani, waived their entire shares in the Almujtama Jeddah for Medicines Company, amounting to a total of (2) shares at a total value of (SAR 11,200) eleven thousand and two hundred Saudi riyals, to Mr. Abdulaziz Omar Khoja, so that the Almujtama Jeddah for Medicines Company became a single person company (with limited liability) according to the amended Articles of Association No. (67538) dated 25/06/1441H (corresponding to 19/02/2020G), and Mr. Abdulaziz Omar Yousef Khoja became the capital sole owners as follows:

Table 9: Ownership structure as of 19/02/2019G

Partners	No. of Shares	Value per Share (SAR)	Total Value of Shares (SAR)	Ownership percentage (%)
Abdulaziz Omar Khoja	100	5,600	560,000	100.00%
Total	100	-	560,000	100.00%

Source: Al-Mujtama Al-Raida Medical Company

- On 28/04/1442H (corresponding to 13/12/2020G), a sale and assignment contract was concluded between the AlMujtama Jeddah for Medicines Company (assignee/buyer) and each of the AlMujtama Alhadithah Pharmacy establishment, the AlMujtama Almasif Pharmacy for Medicines Establishment, and the Al-Mujtama Al-Raida Medical Company (assignor/seller), where all the aforementioned establishments and company and its branches were transformed into branches of the AlMujtama Jeddah for Medicines Company while retaining the name, number and date of the branch commercial records.
- In 2021G, the partner Abdulaziz Omar Khoja waived part of his shares in the Company, amounting to (49) forty-nine shares, with a value amounting to (SAR 274,400) two hundred and seventy-four thousand and four hundred Saudi riyals, to Ayyad Alshamilah Company Limited. This was done in accordance with the revised electronic articles of incorporation No. (67538), dated 19/04/1443H (corresponding to 24/11/2021G) so that the Company became a limited liability company after it was a one-person company (limited liability). The shares were distributed among the partners as follows:

Table 10: Ownership structure as of 24/11/2021G

Partners	No. of Shares	Value per Share (SAR)	Total Value of Shares (SAR)	Ownership percentage (%)
Abdulaziz Omar Khoja	51	5,600	285,600	51.00%
Ayyad Alshamilah Company Limited	49	5,600	274,400	49.00%
Total	100	-	560,000	100.00%

Source: Al-Mujtama Al-Raida Medical Company

- In 2022G, the partner, Ayyad Alshamilah Company Limited, waived all of its shares in the Company, amounting to (49) forty-nine shares, to Khabeer Althaniah Investment Company as a new partner. While the partner, Abdulaziz Omar Khoja, waived part of his shares, numbering fifty (50) shares, to Mr. Omar Yousef Khoja as a new partner. The name of the Company was also changed to «**Al-Mujtama Al-Raida Medical Company**», a limited liability company, in accordance with the amended electronic articles of incorporation No. (67538), dated 23/07/1443H (corresponding to 24/02/2022G). The shares were distributed among the partners as follows:

Table 11: Ownership structure as of 24/02/2022G

Partners	No. of Shares	Value per Share (SAR)	Total Value of Shares (SAR)	Ownership percentage (%)
Omar Yousef Khoja	50	5,600	280,000	50.00%
Khabeer Althaniah Investment Company	49	5,600	274,400	49.00%
Abdulaziz Omar Khoja	1	5,600	5,600	1.00%
Total	100	-	560,000	100.00%

Source: Al-Mujtama Al-Raida Medical Company

- In 2022G, the partners decided to increase the Company's capital so that the new capital became (95,000,000)

ninety-five million Saudi riyals, and the value of each of which was adjusted from (5,600) Saudi riyals to (10) Saudi riyals, and the number of shares from (100) shares to (9,500,000) nine million five hundred thousand cash shares of equal value and indivisible, the value of each share is (SAR 10) ten Saudi riyals. The capital increase amounting to (SAR 94,440,000) ninety-four million four hundred and forty thousand Saudi riyals was achieved by capitalizing the net amounts recorded in the partners' current accounts, which represent the net amounts due to the partners by the Company, so that the balances of all those accounts became «zero» Saudi riyals. This has been confirmed electronically with the Ministry of Commerce under the amended Articles of Association No. (67538), dated 01/09/1443H (corresponding to 03/04/2022G). The shares were distributed among the partners as follows:

Table 12: Ownership structure as of 03/04/2022G

Partners	No. of Shares	Value per Share (SAR)	Total Value of Shares (SAR)	Ownership percentage (%)
Omar Yousef Khoja	4,750,000	10	47,500,000	50.00%
Khabeer Althaniah Investment Company	4,655,000	10	46,550,000	49.00%
Abdulaziz Omar Khoja	95,000	10	950,000	1.00%
Total	9,500,000	-	95,000,000	100.00%

Source: Al-Mujtama Al-Raida Medical Company

- On 10/11/1443H (corresponding to 09/06/2022G), Khabeer Althaniah Investment Company (partner) waived part of its shares, amounting to (4,024,327) four million and twenty-four thousand three hundred and twenty-seven shares with a total value of (SAR 40,243,270) forty million two hundred and forty-three thousand and two hundred and seventy Saudi riyals for the benefit of new partners, as these partners were unit holders in (Alkhabeer Saudi Private Equity Fund 2), hereafter referred to as «the Fund», as Alkhabeer Capital Company (the Fund Manager) transferred the ownership of these Partners of the fund to direct ownership in the Al-Mujtama Al-Raida Medical Company. The partner, Omar Yousef Khoja, also waived part of his shares, amounting to (1,112,216) one million one hundred and twelve thousand two hundred and sixteen shares, with a total value of (11,122,160) eleven million one hundred and twenty-two thousand and one hundred and sixty Saudi riyals, in favor of new partners and a current partner. He waived the number (110,697) one hundred and ten thousand six hundred and ninety-seven shares worth (SAR 1,106,970) one million one hundred and six thousand nine hundred and seventy Saudi riyals in favor of the current partner/ Abdulaziz Omar Khoja, and waived the remaining shares numbering (1,001,519) one million one thousand five hundred and nineteen shares worth (SAR 10,015,190) ten million and fifteen thousand and one hundred and ninety Saudi riyals for the benefit of new partners.
- The partners also decided on 10/11/1443H (corresponding to 09/06/2022G) to convert the Company's entity from a limited liability company to a closed joint stock company. The Company was converted into a closed joint stock company pursuant to the decision of His Excellency the Minister of Commerce No. (1145) dated 10/01/1444H (corresponding to 08/08/2022G) and registered in the commercial register No. (4030241534) issued by the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G). The following table shows the ownership structure of the Company's current shareholders before listing:

Table 13: Current Company Ownership Structure

Shareholders	Number of Shares	Nominal value of shares (SR)	Direct Ownership Percentage	Indirect Ownership Percentage*
Omar Yusuf Khoja	3,637,784	36,377,840	38.29%	-
Khabeer Althaniah Investment Company	630,673	6,306,730	6.64%	-
Yousef Omar Khoja	344,861	3,448,610	3.63%	-
Abdulaziz Omar Khoja	205,697	2,056,970	2.17%	-
Ahmed Saud Ghouth	60,065	600,650	0.63%	-
Hisham Omar Baroom	60,065	600,650	0.63%	-
Public (97 Shareholders)*	4,560,855	45,608,550	48.01%	0.46%
Total	9,500,000	95,000,000	100.00%	0.46%

Source: Al-Mujtama Al-Raida Medical Company

* Indirect ownership by the public is represented by the ownership of one of the public shareholders (Mr. Mahmoud Mohammed Ibrahim Nashar) at 73.00% of the shares of (Mahmoud Nashar & Partners- Nashar Trading (Ltd.)), which owns 0.63% of the shares of the Al-Mujtama Al-Raida Medical Company.

Note: Percentages are rounded.

Following are the Changes in the Company's incorporation date and capital

Table 14: Changes in the Company's incorporation date and capital

Year	Change in the Company's incorporation date and capital
2001G	The first sole proprietorship establishment was established by Mr. Abdulaziz Omar Khoja, under the name « Almujtama Alhadithah Pharmacy » registered in the Commercial Registry No. (4030134617) issued from the city of Jeddah on 11/05/1422H (corresponding to 01/08/2001G), with a capital of (SAR 30,000) thirty thousand Saudi riyals.
2006G	Mr. Yousef Omar Khoja established a sole proprietorship establishment under the name « Yousef Omar Khoja Contracting Establishment », which was registered in the commercial registry No. (4030164157) issued from the city of Jeddah on 27/08/1427H (corresponding to 20/09/2006G), with a capital of (SAR 25,000) twenty-five thousand Saudi riyals.
2008G	Mr. Ahmed Saud Al-Harithi established a sole proprietorship establishment called « Almujtama Almotatawerah Medical Pharmacy », which is registered in the commercial register No. (4030176660) issued from the city of Jeddah on 19/02/1429H (corresponding to 26/02/2008G), with a capital of (SAR 30,000) thirty thousand Saudi riyals.

Year	Change in the Company's incorporation date and capital
2014G	<p>Mr. Abdulaziz Omar Khoja issued a sub-registry in the name of «Abdulaziz Omar Khoja Contracting Establishment», under his institution «Abdulaziz Omar Khoja Contracting Establishment», where the branch was bound by commercial register No. (4030265690) issued by the city of Jeddah on 19/04/1435H (corresponding to 19/02/2014G) with a capital of (SAR 30,000) thirty thousand Saudi riyals.</p>
2015G	<p>Mr. Abdulaziz Omar Khoja issued another sub-registry in the name of «Almujtama Alhadithah Pharmacy Warehouse», under his institution «Almujtama Alhadithah Pharmacy», where the branch was bound by commercial register No. (4030282651) issued by the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G) with a capital of (SAR 25,000) twenty-five thousand Saudi riyals.</p> <p>Mr. Ali Ahmed Al-Qahtani established a sole proprietorship establishment called «Almujtama Jeddah Pharmacy No. 2», which is registered in the commercial register No. (4030286926) issued from the city of Jeddah on 20/03/1437H (corresponding to 31/12/2015G) with a capital of (SAR 30,000) thirty thousand Saudi riyals.</p>
2017G	<p>Mr. Yousuf Omar Khojah issued a sub-registry under his the name «Almujtama Almasif Pharmacy for Medicines Establishment» under his institution «Yousef Omar Khoja Contracting Establishment», where the branch was bound by commercial registry No. (4602007234) issued from the city of Rabigh on 10/02/1439H (corresponding to 30/10/2017G), with a capital of (SAR 30,000) thirty thousand Saudi riyals.</p>
2018G	<p>Mr. Abdulaziz Omar Khoja and Mr. Yousef Omar Khoja established «Al-Mujtama Al-Raida Medical Company» - a limited liability company - under the Articles of Association No. (247582) dated 11/11/1439H (corresponding to 24/07/2018G), which is registered in the commercial registry. No. (4030282651) issued from the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G), with a capital of (SAR 150,000) one hundred and fifty thousand Saudi Riyals. This was done so that Mr. Yousef Omar Khoja transferred the «Branch of the Yousef Omar Khoja Contracting Establishment» registered in the commercial registry No. (4030164157) issued from the city of Jeddah on 27/08/1427H (corresponding to 20/09/2006G), and wanted to convert it to «Al-Mujtama Al-Raida Medical Company» in partnership with Mr. Abdulaziz Omar Khoja. Mr. Abdulaziz Omar Khoja also assigned each of the branches of his establishment: «Abdulaziz Omar Khoja Contracting Establishment» registered in the commercial registry No. (4030265690) issued from the city of Jeddah on 19/04/1435H (corresponding to 19/02/2014G), and «Almujtama Alhadithah Pharmacy Warehouse» registered in Commercial Registry No. (4030282651) issued from the city of Jeddah on 02/08/1436H (corresponding to 20/05/2015G), and wished to convert those branches to «Al-Mujtama Al-Raida Medical Company» in partnership with Mr. Yousef Omar Khoja.</p> <p>The ownership of Mr. Abdulaziz Omar Khoja was 66.67%, and the ownership of Mr. Yousef Omar Khoja was 33.33% in «Al-Mujtama Al-Raida Medical Company».</p>

Year	Change in the Company's incorporation date and capital
2019G	<p>Mr. Ahmed Saud Al Harithi, Mr. Ali Ahmed Al Qahtani, and Mr. Abdulaziz Omar Khoja established Almutama Jeddah for Medicines Company (a limited liability company), which is registered in the commercial registry No. (4030241534) issued from the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G), and pursuant to the Articles of Association No. (353462) signed on 26/01/1441H (corresponding to 25/09/2019G), as Mr. Ahmed Saud Al Harithi wished to transform his establishment «Almutama Almotatawerah Medical Pharmacy» and its branches into «Almutama Jeddah for Medicines Company» with the participation of the above-mentioned parties. Mr. Ali Ahmed Al-Qahtani also wished to transform his establishment, «Almutama Jeddah Pharmacy No. 2» and its branches, into the «Almutama Jeddah for Medicines Company» with the participation of the above-mentioned parties. The Company's capital amounted to (SAR 560,000) five hundred and sixty thousand Saudi riyals, divided into (100) one hundred cash shares of equal value, each of which is worth (SAR 5,600) five thousand and six hundred Saudi riyals. The ownership of Mr. Ahmed Saud Al Harithi was 1%, the ownership of Mr. Ali Ahmed Al Qahtani was 1%, and the ownership of Mr. Abdul Aziz Omar Khoja was 98%.</p>
2020G	<p>The two partners, Mr. Ahmed Saud Al-Harithi and Mr. Ali Ahmed Al-Qahtani, waived their entire shares in the Almutama Jeddah for Medicines Company, amounting to a total of (2) shares at a total value of (SAR 11,200) eleven thousand and two hundred Saudi riyals, to Mr. Abdulaziz Omar Khoja, so that the Almutama Jeddah for Medicines Company became a single person company (with limited liability) according to the amended Articles of Association No. (67538) dated 25/06/1441H (corresponding to 19/02/2020G), and Mr. Abdulaziz Omar Khoja became the capital sole owner.</p> <p>A sale and assignment contract was concluded between the Almutama Jeddah for Medicines Company (assignee/buyer) and each of the Almutama Alhadithah Pharmacy establishment, the Almutama Almasif Pharmacy for Medicines Establishment, and the Al-Mujtama Al-Raida Medical Company (assignor/seller), where all the aforementioned establishments and company and its branches were transformed into branches of the Almutama Jeddah for Medicines Company while retaining the name, number and date of the branch commercial records.</p>
2021G	<p>The partner Abdulaziz Omar Khoja waived part of his shares in the Company, amounting to (49) forty-nine shares, with a value amounting to (SAR 274,400) two hundred and seventy-four thousand and four hundred Saudi riyals, and 49% of the capital to Ajyad Alshamilah Company Limited. This was done in accordance with the revised electronic articles of incorporation No. (67538), dated 19/04/1443H (corresponding to 24/11/2021G) so that the Company became a limited liability company after it was a one-person company (limited liability).</p>

The partner, Ajjad Alshamilah Company Limited, waived all of its shares in the Company, amounting to (49) forty-nine shares, to Khabeer Al Thani Investment Company as a new partner. While the partner, Abdulaziz Omar Yousef Khoja, waived part of his shares, numbering fifty (50) shares, to Mr. Omar Yousef Yuldash Khoja as a new partner.. Accordingly, the company became 50% owned by Mr. Omar Yousef Khoja , 49% owned by Khabeer Al Thani Investment Company, and 1% by Mr. Abdulaziz Omar Khoja according to the amended electronic articles of incorporation No. (67538) dated 23/07/1443H (corresponding to 24/02/2022G).

The name of the Company was changed to **«Al-Mujtama Al-Raida Medical Company»**, a limited liability company, according to the amended electronic articles of incorporation No. (67538) dated 23/07/1443H (corresponding to 24/02/2022G).

The partners decided to increase the Company's capital so that the new capital became (SAR 95,000,000) ninety-five million Saudi riyals, and the value of each of which was adjusted from (SAR 5,600) Saudi riyals to (SAR 10) Saudi riyals, and the number of shares from (100) shares to (9,500,000) nine million five hundred thousand cash shares of equal value and indivisible, the value of each share is (SAR 10) ten Saudi riyals. The capital increase amounting to (SAR 94,440,000) ninety-four million four hundred and forty thousand Saudi riyals was achieved by capitalizing the net amounts recorded in the partners' current accounts, which represent the net amounts due to the partners by the Company, so that the balances of all those accounts became **«zero»** Saudi riyals. This has been confirmed electronically with the Ministry of Commerce under the amended Articles of Association No. (67538), dated 01/09/1443H (corresponding to 03/04/2022G). The ownership percentages of the partners remained constant and did not change from what they were.

2022G

On 10/11/1443H (corresponding to 09/06/2022G), Khabeer Al Thani Investment Company (partner) waived part of its shares, amounting to (4,024,327) four million and twenty-four thousand three hundred and twenty-seven shares with a total value of (SAR 40,243,270) forty million two hundred and forty-three thousand and two hundred and seventy Saudi riyals for the benefit of new partners, as these partners were unit holders in (Alkhabeer Saudi Private Equity Fund 2), hereafter referred to as **«the Fund»**, as Alkhabeer Capital Company (the Fund Manager) transferred the ownership of these Partners of the fund to direct ownership in the Al-Mujtama Al-Raida Medical Company. The partner, Omar Yousef Khoja, also waived part of his shares, amounting to (1,112,216) million one hundred and twelve thousand two hundred and sixteen shares, with a total value of (11,122,160) eleven million one hundred and twenty-two thousand and one hundred and sixty Saudi riyals, in favor of new partners and a current partner. He waived the number (110,697) one hundred and ten thousand six hundred and ninety-seven shares worth (SAR 1,106,970) one million one hundred and six thousand nine hundred and seventy Saudi riyals in favor of the current partner/ Abdulaziz Omar Khoja, and waived the remaining shares numbering (1,001,519) one million one thousand five hundred and nineteen shares worth (SAR 10,015,190) ten million and fifteen thousand and one hundred and ninety Saudi riyals for the benefit of new partners.

The partners also decided on 10/11/1443H (corresponding to 09/06/2022G) to convert the Company's entity from a limited liability company to a closed joint stock company. The Company was converted into a closed joint stock company pursuant to the decision of His Excellency the Minister of Commerce No. (1145) dated 10/01/1444H (corresponding to 08/08/2022G) and registered in the commercial register No. (4030241534) issued from the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G).

3-3 Company's Vision

Leadership in serving the community for a healthy conscious society.

3-4 Company's Mission

Providing comprehensive pharmaceutical services to all segments of the society, and protecting the society from counterfeit and overpriced products, and that's according to the company's motto: (Original Product with Lowest Price).

3-5 Company's Strategy

The Company seeks continuous growth through the following:

1. Increasing the Company's market share in the pharmacies and basic consumer goods sector in the Kingdom of Saudi Arabia, and developing the customer base by opening new branches in different cities throughout the Kingdom.
2. Developing its operations by entering into partnerships with international suppliers, expanding the product base it provides, and acquiring warehouses with larger spaces for storage purposes in line with growth.
3. Increasing business volume and returns from it to achieve higher profitability rates for shareholders.
4. Developing the «Wasfaty» program alongside a semi-governmental client of the Company, which operates the «Wasfaty» program and manages the associated service, which is a service that aims to dispense prescriptions issued by primary care centers and hospitals affiliated with the Ministry of Health and Medical Services in other Government sectors in the Kingdom according to what was stated in the pharmaceutical facilities subscription agreement signed with the aforementioned client.
5. Increasing the market share with the Government sector by operating a larger number of outpatient pharmacies for hospitals and primary health care centers affiliated with the Ministry of Health, in line with the transformational ministerial decision regarding the privatization of health care under the «National Transformation Program 2020G,» which is one of the programs of the «Kingdom's Vision 2030G», which requires entrusting the task of dispensing medicines, managing pharmacies of Government hospitals and primary health care centers, and securing their needs to the private sector.

3-6 Company's Strengths and Competitive Advantages

Following are the Company's most important strengths and competitive advantages:

- The Company has a highly experienced sales team in the pharmacies, medicines and cosmetics sector.
- The Company provides high-quality, integrated products and services to meet customer needs.
- The Company has an effective and highly efficient management in the field of medicines and pharmacies.
- The Company is considered a strategic partner of the Ministry of Health in implementing health care programs and the Ministry's initiatives under the National Transformation Programs 2020G and the Kingdom of Saudi Arabia's Vision 2030G. The Company conducted valuable studies that it submitted to the Ministry of Health regarding the operation of outpatient pharmacies from the Government hospitals and primary health care centers affiliated with the Ministry of Health, which was shown to have achieved high performance rates, according to periodic reports issued by a semi-Governmental entity and a strategic partner of the Ministry of

Health in the field of providing medical purchasing, storage and distribution services for medicines, devices and medical supplies in the Kingdom. Accordingly, multiple agreements have been signed to operate external pharmacies for government hospitals in various regions, such as: Jazan General Hospital, Sabya General Hospital, King Abdulaziz Specialist Hospital in Taif, and King Abdulaziz University Hospital in Jeddah.

- The effective role of the Company with the Ministry of Health in coordination with a semi-governmental client of the Company to dispense prescriptions issued by primary care centers and hospitals affiliated with the Ministry of Health and medical services in other Government sectors through the (Wasfaty) program, according to the agreement (subscription of pharmaceutical facilities) signed with the referred client.
- Active participation with the Ministry of Health in providing seasonal vaccination services, in addition to monitoring vital indicators for citizens and residents within the national campaign **«Know Your Numbers»** which commenced in implementing the unified medical file system for all residents of the Kingdom in coordination with the relevant government agencies.
- Continuous cooperation with a number of educational institutions (such as King Abdulaziz University in Jeddah) to provide social responsibility services, workshops, and contribute to scientific research aimed at developing the pharmacy profession and the pharmaceutical sector, and training internship students at the College of Pharmacy, as the Company provides continuous support for College of Pharmacy students throughout their years of study and even after graduation by providing continuous training in the Company's pharmacies and providing opportunities for employment and promotion to senior positions in the Company.
- Leadership in providing items and medicines that were not available in the Community pharmacies in the past, where AlMujtama pharmacies played a pivotal role in providing therapeutic groups with their various commercial names, making them on the list and proposing their availability in Community pharmacies. In addition, the Company provided pharmaceutical services that were not provided in Community pharmacies previously, as the Company's management is working and coordinating to achieve integration between AlMujtama pharmacies and various official health institutions to form a strategic partnership that enhances participation not only in providing medicines and supplies, but also in exchanging information on inventory levels, consumption, movement of items, and the supply chain through the (RSD) program to achieve drug traceability and security.
- The Company's contribution to raising statistics and the movement of therapeutic groups in its pharmacies, which would provide governmental and semi-governmental health agencies with the necessary information to develop plans to reduce chronic diseases, work to reduce their high rates, and intensify campaigns to prevent them. The Company also participates in many initiatives, such as reporting medication errors under the supervision of the Saudi Patient Safety Center and reporting side effects of medications through the Saudi Vigilance Program under the supervision of the Saudi Food and Drug Authority.
- Providing integrated pharmaceutical services to all segments of society and protecting society from counterfeit products and exaggerated prices under the slogan (the original product at the lowest price), which the Company raised in order to achieve the goals sought by both the Ministry of Health and the Ministry of Commerce to combat fraud and counterfeiting, and in an effort to achieve customer satisfaction and confidence in the products that the Company offers them, as the Company is keen that all items that it places in the hands of customers are from the only official source, the **«agent»** approved by Government agencies, and that they are available to customers at the best price.
- Establishing an electronic pharmacy for the Company, as the Company obtained an electronic pharmacy license on 05/09/1441H (corresponding to 28/04/2020G). The electronic pharmacy played an important role during the (Covid-19) pandemic, making AlMujtama pharmacies among the few community pharmacies approved to dispense preventive medications, sterilizers, and masks. The electronic pharmacy has also developed its activity in the field of patient service, providing drug information, directing customers in the event of medication interruption, and finding alternatives, which has made many AlMujtama pharmacy branches accredited as reference pharmacies by the entity providing the (Wasfaty) service.
- The Company has more than 700,000 distinguished customers who enjoy the advantages of the Company's **«Excellence Customer»** program, which gives its members and subscribers points that enable them to obtain free goods equivalent to 3% of the value of their purchases from the Company's pharmacies, and their validity expires at the end of each calendar year.

- The Company's strengths and competitive advantages have provided greater opportunities to enter into competitions for Government projects and sign many agreements with Government therapeutic institutions (for more information, please see Section No. (3-20) «**Research and Development Policy**»).

3-7 Main Company's Activities

The Company carries out its activities under Commercial Registration No. (4030241534) issued from the city of Jeddah on 14/04/1434H (corresponding to 24/02/2013G), which expires on 13/03/1446H (corresponding to 16/09/2024G). The Company operates in the field of operating pharmacies, retailing medicines, pharmaceutical products, cosmetics, toiletries, medical equipment, tools and supplies, and providing pharmaceutical services in the Kingdom of Saudi Arabia. The Company is considered one of the pioneers in the field of comprehensive community pharmaceutical and medicine service in the Kingdom, as the Company is distinguished by its effective role in serving the community through strategic partnership with the main stakeholders in the field of health care in the Kingdom, the most important of which is the strategic cooperation with the Ministry of Health in coordination and cooperation with one of the Company's semi-governmental clients to disburse prescriptions through (Wasfaty) program issued by primary care centers and government hospitals affiliated with the Ministry of Health and Medical Services in other government sectors in the Kingdom.

The Company has a chain of (157) pharmacies as of the date of this Document, including (125) existing pharmacies and (32) pharmacies under construction and expected to open within the next twelve months. They are spread throughout various regions of the Kingdom of Saudi Arabia, especially in the Western Region. The Company also has an electronic pharmacy through which sales are made online through the Company's website, including providing free delivery service to customers.

According to its Commercial Registration, the Company's main activity is (pharmacy activities), which falls under the activity of «**wholesale and retail trade and repair of motor vehicles and motorcycles**» according to the Standard Activities Guide issued by the Ministry of Commerce, which includes the following:

- Retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

The Company's other activities as in its Commercial Registration are as follows:

- Medical devices and products stores
- Cosmetics stores
- Pharmaceutical stores
- General stores that include a variety of goods
- Dry food stores
- Pharmaceutical laboratories

The Company's activities, according to its Articles of Association, are:

- **Real estate activities:** real estate activities in owned or rented properties.
- **Professional, scientific and technical activities:** main office activities (supervision and management of other units in the Company or institution).
- **Construction:** electrical installations.
- **Transportation and storage:** storage.
- **Wholesale, retail trade and repair of motor vehicles and motorcycles:** Other types of retail sale in non-specialized stores; and the retail sale of pharmaceutical and medical products, cosmetics and toiletries in specialized stores.

The Company does not carry out its activities except after obtaining the regulatory licenses required by the prevailing regulations in force in the Kingdom of Saudi Arabia. The Company has obtained all the required regulatory licenses, and those licenses are still valid as at the date of this Document, and the Company is constantly working to renew any licenses whose validity date has expired or is about to expire. (Please review Section (3-10) «**Company Licenses and Permits**» of this Document).

The Company carries out its main activities through its headquarters in Jeddah. As of the date of this Document, the Company's Board of Directors declares that the Company does not have any commercial activity or any assets outside the Kingdom. It also declares that there is no intention to make any substantial change to the nature of the Company's activity, and declares that there are no new activities or products.

3-8 Company's Pharmacies

3-8-1 An overview of the Company's Network

The Company's pharmacies consist of a chain of pharmacies operating in the Kingdom whose main goal is to provide the best pharmaceutical and health services to the local market. The Company's pharmacy journey began in 2001G in the city of Jeddah, and expanded to include a chain of (157) pharmacies as of the date of this document, including (125) existing pharmacies and (32) ones under construction and expected to open within the next twelve months. They are distributed in many major cities and peripheral areas in Saudi Arabia. The Company's pharmacies serve more than one million customers monthly and provide more than thirty thousand products, including medicines, pharmaceuticals, and cosmetics. As of 30/07/2023G, the Company employs (325) highly qualified pharmacists, both male and female, who are able to provide pharmaceutical advice as well as the highest and latest levels of health care to its clients. The Company has adopted some assisting programs that complement the pharmacist's work, which focus on providing distinctive health care to raise the customer quality of life, such as the **«Follow Me»** program, which is concerned with following up patients with chronic diseases and includes a record of the medications dispensed to the patient and their doses, based on the customer's medication record stored with the Company electronically. Notably, all of the Company's pharmacies are registered in the (RSD) program of the Food and Drug Authority, which is concerned with tracking the movement of the drug from the manufacturer through the agent, then warehouses, then pharmacies, then the patient (end user). As of 30/07/2023G, the Company has a fleet of means of transportation consisting of (23) twenty-three transport trucks and delivery vehicles from warehouses to branches or customers, which meet the required standards for transporting medicines, pharmaceutical, medical and cosmetic preparations, baby food and other items according to Standards and requirements of the Food and Drug Authority.

The Company has more than 700,000 distinguished customers who enjoy the advantages of the Company's **«Excellence Customer»** program, which gives its members and subscribers points that enable them to obtain free goods equivalent to 3% of the value of their purchases from the Company's pharmacies, and expires at the end of each calendar year.

The Company's pharmacies' revenues amounted to 304,497,594 Saudi riyals, 367,075,487 Saudi riyals, and 204,133,493 Saudi riyals during 2021G, 2022G, and the first half of 2023G, respectively.

There are 32 pharmacies for the Company's pharmacies under construction, and they are expected to open within the next twelve months. There are (16) sixteen pharmacies located in the city of Jeddah, (7) seven in the city of Mecca, (5) five in the city of Taif, (3) three in the city of Riyadh, and (1) one in the city of Jazan. All of these branches are self-funded by the Company.

3-8-2 An overview of the Company's products

The Company selects the finest products from the best companies to display in the Company's pharmacies that meet the highest local and international quality standards.

The products offered by the Company through the Company's pharmacies include the following:

- Medicines and treatments licensed in the Kingdom that require a prescription, as none of them are dispensed without an approved prescription in accordance with the applicable rules and regulations.
- Medicines and treatments licensed in the Kingdom that do not require a prescription, such as pain relievers, cold, cough and allergy medicines, stomach and colon medicines, skin medicines and other medicines, according to the list approved by the Ministry of Health.

- Nutritional supplements, including a variety of vitamins, health food products and nutritional products for athletes.
- General purpose medical supplies and devices such as bandages, thermometers, first aid kits, supports, bandages and elderly care tools.
- Personal care products such as skin, hair, body and dental care products.
- Mother and child needs, such as child care and nutrition supplies, child and maternal health care, and paper supplies (such as children's tampons, women's tampons, and elderly tampons).
- Beauty care products such as accessories, contact lenses, makeup and makeup supplies.

3-8-3 An overview of the services provided by the Company

Within the framework of its initiative to provide comprehensive and integrated services to the Company's pharmacy customers, the Company provides a number of value-added services to its customers, which include:

- **AlMujtama Online:** It is a pioneering service provided by AlMujtama pharmacies that aims to provide pharmaceutical service in order to achieve the meaning of AlMujtama medicine, via the Internet through the Company's official website or through its official accounts on social media on all its available media platforms and with the latest technical means in order to advance the service. Pharmaceuticals, as **«AlMujtama Online»** is an electronic platform affiliated with the Company that provides the following services:
 - Electronic pharmacy (online store).
 - Pharmaceutical consultation service under the supervision of specialized pharmacists.
 - Dispensing electronic prescriptions issued by primary health care centers and hospitals affiliated with the Ministry of Health or medical services centers in other government sectors (such as: Ministry of Defense, Ministry of Interior, and university hospitals) through the **«Wasfaty»** program.
 - Dispensing medical insurance prescriptions.
 - Providing periodic medical articles and medical advice under the supervision of the Medical Director and AlMujtama Medicine Consultant, Dr. Abdul Hafeez Yahya Khoja.
- **The electronic magazine:** It is a magazine concerned with the medical and pharmaceutical health field. It presents the latest developments in the health field, and publishes medical articles in this regard under the supervision of a AlMujtama medicine consultant and an elite group of pharmacists from AlMujtama pharmacies group, in addition to presenting the most important medical conferences and seminars held in local and regional and global forums.
- **Medical file:** The integrated medical file unifies the health data of the Company's customers, which allows the Company to provide better and more accurate pharmaceutical and medical services to its customers, by monitoring vital indicators within the national campaign **«Know Your Numbers»**, so that the Company maintains an integrated medical file for its customers that includes the date the Company's medical client, who will be linked to the data generated from the consultations provided through the (Follow Me) program.

It is also worth noting that the Company has a contract with a business services company for the purpose of making it available to patients connected to the Ministry of Health's interactive phone (973) or through the **«Sehhaty»** application, to dispense electronic prescriptions issued by doctors approved on the **«Sehhaty»** platform or the interactive phone (973) of the Ministry of Health, through the Company's pharmacies.

3-9 Commercial Registrations

The following table shows the commercial Registrations of Al-Mujtama Al-Raida Medical Company and its branches:

Table 15: Commercial Registrations

Name	Legal entity	C/R No.	Location of issue	Activity	Date of Issuance	Expiry date
1 Al-Mujtama Al-Raida Medical Company - Main Registration Certificate	Closed joint stock company	4030241534	City of Jeddah	- Pharmacy activities - Medical devices and products stores - Cosmetics stores - Pharmaceutical stores - General stores that include a variety of goods - Dry food stores - Pharmaceutical laboratories	14/04/1434H (corresponding to 24/02/2013G)	13/03/1446H (corresponding to 16/09/2024G)
2 Almujtama Jeddah for Medicines Company - Riyadh Branch	Company Branch	1010442368	Riyadh city	Pharmacy activities	26/05/1437H (corresponding to 06/03/2016G)	26/05/1445H (corresponding to 10/12/2023G)
3 Almujtama Jeddah for Medicines Company - Riyadh Branch	Company Branch	1010568824	Riyadh city	Pharmacy activities	25/07/1440H (corresponding to 01/04/2019G)	24/07/1445H (corresponding to 05/02/2024G)
4 Almujtama Almasif Pharmacy for Medicines - Al-Kharj Branch	Company Branch	1011145429	Al-Kharj city	Pharmacy activities	11/07/1442H (corresponding to 23/02/2021G)	11/07/1445H (corresponding to 23/01/2024G)
5 Almujtama Alhadithah Pharmacy - Jeddah Branch	Company Branch	4030134617	City of Jeddah	Pharmacy activities	11/05/1422H (corresponding to 01/08/2001G)	15/06/1445H (corresponding to 28/12/2023G)
6 Almujtama Jeddah for Medicines Company - Jeddah Branch	Company Branch	4030176660	City of Jeddah	Pharmacy activities	19/02/1429H (corresponding to 27/02/2008G)	16/07/1445H (corresponding to 28/01/2024G)
7 AlMujtama Jeddah Cooling Systems Company - Jeddah Branch	Company Branch	4030265690	City of Jeddah	Installation, maintenance and repair of refrigeration and air conditioning systems	19/04/1435H (corresponding to 19/02/2014G)	01/03/1446H (corresponding to 04/09/2024G)

Name	Legal entity	C/R No.	Location of issue	Activity	Date of Issuance	Expiry date	
8	Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030282651	City of Jeddah	<ul style="list-style-type: none"> - Wholesale of pharmaceutical goods - Wholesale of cosmetics and soaps - Wholesale of medical devices, equipment and supplies - Pharmacy activities and Medicine warehouse activities - Retail sale of medical devices, equipment and supplies - Medical devices and products stores - General stores that include a variety of goods - Dry food stores - Main office activities 	02/08/1436H (corresponding to 20/05/2015G)	02/08/1445H (corresponding to 12/02/2024G)
9	Almujtama Jeddah for Medicines Company - Jeddah Branch	Company Branch	4030286926	City of Jeddah	Pharmacy activities	20/03/1437H (corresponding to 31/12/2015G)	20/03/1446H (corresponding to 23/09/2024G)
10	Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030324790	City of Jeddah	Pharmacy activities	15/06/1440H (corresponding to 20/02/2019G)	15/06/1445H (corresponding to 28/12/2023G)
11	Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030367734	City of Jeddah	General stores that include a variety of goods	21/02/1441H (corresponding to 20/10/2019G)	21/02/1446H (corresponding to 25/08/2024G)
12	AlMujtama Al-Raida Storage Company - Jeddah Branch	Company Branch	4030424509	City of Jeddah	Frozen food stores	01/01/1443H (corresponding to 09/08/2021G)	01/01/1446H (corresponding to 07/07/2024G)
13	Almujtama Jeddah for Medicines Company - Jeddah Branch	Company Branch	4030427965	City of Jeddah	<ul style="list-style-type: none"> - Management and leasing of owned or rented properties (residential) - Management and leasing of owned or rented properties (non-residential) 	25/01/1443H (corresponding to 02/09/2021G)	25/01/1446H (corresponding to 31/07/2024G)
14	Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030428975	City of Jeddah	Main office activities	04/02/1443H (corresponding to 11/09/2021G)	04/02/1446H (corresponding to 08/08/2024G)

Name	Legal entity	C/R No.	Location of issue	Activity	Date of Issuance	Expiry date
15 Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030455347	City of Jeddah	- Pharmacy activities - Pharmaceutical warehouse activities - Retail sale of medical devices, equipment and supplies - Retail sale of cosmetics and decorative soaps - Retail sale of oud and incense - Retail sale of perfumes	03/09/1437H (corresponding to 08/06/2016G)	03/03/1442H (corresponding to 06/09/2023G)
16 Al-Mujtama Al-Raida Medical Company - Makkah Branch	Company Branch	4031099768	Mecca city	Pharmacy activities	05/08/1438H (corresponding to 01/05/2017G)	05/08/1445H (corresponding to 15/02/2024G)
17 Al-Mujtama Al-Raida Medical Company - Makkah Branch	Company Branch	4031212788	Mecca city	Pharmacy activities	10/06/1439H (corresponding to 26/02/2018G)	14/03/1446H (corresponding to 17/09/2024G)
18 AlMujtama Alhadithah Pharmaceutical Company - Buhairat Branch	Company Branch	4031247782	Mecca city	Pharmacy activities	18/07/1442H (corresponding to 02/03/2021G)	18/07/1445H (corresponding to 30/01/2024G)
19 Almujtama Almasif Pharmacy for Medicines - Rabigh branch	Company Branch	4602007234	Rabigh city	Pharmacy activities	10/02/1439H (corresponding to 30/10/2017G)	15/06/1445H (corresponding to 28/12/2023G)
20 Almujtama Jeddah for Medicines Company - King Abdullah Economic City Branch in Rabigh	Company Branch	462700024	Rabigh city	Pharmacy activities	12/01/1439H (corresponding to 02/10/2017G)	15/10/1445H (corresponding to 24/04/2024G)
21 AlMujtama Alhadithah Pharmaceutical Company - Medina Branch	Company Branch	4650228049	Madinah	Pharmacy activities	05/07/1442H (corresponding to 17/02/2021G)	05/07/1445H (corresponding to 17/01/2024G)
22 Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030440956	City of Jeddah	Pharmacy activities	08/08/1437H (corresponding to 15/05/2016G)	25/04/1445H (corresponding to 09/11/2023G)

Name	Legal entity	C/R No.	Location of issue	Activity	Date of Issuance	Expiry date
23 Almujtama Almasif Pharmacy for Medicines - Taif Branch	Company Branch	4032048456	Taif city	Pharmacy activities	06/09/1436H (corresponding to 23/06/2015G)	15/06/1445 AH (corresponding to 28/12/2023G)
24 Al-Mujtama Al-Raida Medical Company - Jazan Branch	Company Branch	5900127901	Jazan city	Pharmacy activities	06/09/1442H (corresponding to 18/04/2021G)	06/09/1445H (corresponding to 16/03/2024G)
25 Al-Mujtama Al-Raida Medical Company - Taif Branch	Company Branch	4032249672	Taif city	Pharmacy activities	11/10/1442H (corresponding to 23/05/2021G)	11/10/1445H (corresponding to 20/04/2024G)
26 Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030164157	City of Jeddah	Installation, maintenance and repair of refrigeration and air conditioning systems	27/08/1427H (corresponding to 20/09/2006G)	09/08/1445H (corresponding to 19/02/2024G)
27 Al-Mujtama Al-Raida Medical Company - Riyadh Branch	Company Branch	1010441565	Riyadh city	Pharmacy activities	28/04/1437H (corresponding to 07/02/2016G)	04/06/1445 AH (corresponding to 17/12/2023G)
28 Al-Mujtama Al-Raida Medical Company - Medina Branch	Company Branch	4650237161	Madinah	Pharmacy activities	16/04/1443H (corresponding to 21/11/2021G)	16/04/1445H (corresponding to 31/10/2023G)
29 Al-Mujtama Al-Raida Medical Company - Yanbu Branch	Company Branch	4700116087	Yanbu city	Pharmacy activities	17/08/1443H (corresponding to 20/03/2022G)	17/08/1445H (corresponding to 27/02/2024G)
30 Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030298383	City of Jeddah	- Special and health food trade	03/04/1439H (corresponding to 21/12/2017G)	12/06/1445H (corresponding to 25/12/2023G)
31 Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030486453	City of Jeddah	Pharmacy activities	02/03/1444H (corresponding to 28/09/2022G)	02/07/1445H (corresponding to 14/01/2024G)
32 Al-Mujtama Al-Raida Medical Company - Jeddah Branch	Company Branch	4030503080	City of Jeddah	Pharmacy activities	07/08/1444H (corresponding to 27/02/2023G)	27/01/1446H (corresponding to 02/08/2024G)

Source: Al-Mujtama Al-Raida Medical Company

3-10 Company's Licenses and Permits

Al-Mujtama Al-Raida Medical Company has obtained the necessary government approvals and licenses to carry out its work, as indicated in the table below. The Company has also obtained all the necessary licenses for each of its branches, such as commercial activity licenses, Civil Defense licenses, and others.

Table 16: Licenses related to the Company's operations

Type of license	Issuer	license number	License issuance date	License expiration date
Chamber of Commerce and Industry membership certificate	Jeddah Chamber	7012344318	14/04/1434H (corresponding to 24/02/2013G)	13/03/1446H (corresponding to 16/09/2024G)
Zakat certificate	Zakat, Tax and Customs Authority	1030236881	19/02/1445H (corresponding to 04/09/2023G)	21/10/1445H (corresponding to 30/04/2024G)
VAT registration certificate	Zakat, Tax and Customs Authority	310669105700003	04/04/1444H (corresponding to 29/10/2022G)	-
Final license to open a private health institution (electronic pharmacy)	Ministry of Health	26000025740	25/03/1443H (corresponding to 31/10/2021G)	20/05/1448H (corresponding to 31/10/2026G)
Health insurance certificate	Health Insurance Council	13102	19/05/1444H (corresponding to 13/12/2022G)	28/05/1445H (corresponding to 12/12/2023G)
Saudi Numbering Certificate (GLN)	Saudi Numbering Centre	6286032000018	18/06/1444H (corresponding to 11/01/2023G)	18/06/1445H (corresponding to 31/12/2023G)
Drug warehouse license	Saudi Food & Drug Authority	WL-2023-DR-0106	02/01/1445H (corresponding to 20/07/2023G)	23/02/1450H (corresponding to 16/07/2028G)
License to store cosmetics, milk, and baby food products	Saudi Food & Drug Authority	06-02-03114	-	29/04/1447H (corresponding to 21/10/2025G)
Medical devices and supplies warehouse license	Saudi Food & Drug Authority	WL-2023-MD-0035	06/08/1444H (corresponding to 26/02/2023G)	29/09/1449H (corresponding to 25/02/2028G)

Type of license	Issuer	license number	License issuance date	License expiration date
Paper and tampons warehouse License	Ministry of Municipal and Rural Affairs and Housing (Baladi) - Jeddah Municipality	42023977383	-	27/04/1445H (corresponding to 10/11/2023G)
Civil Defense License - Safety Certificate (Main Branch)	General Directorate of Civil Defense	2-000959144-45	01/02/1445H (corresponding to 17/08/2023G)	01/02/1446H (corresponding to 05/08/2024G)
Commercial activity license (main branch)	Ministry of Municipal and Rural Affairs and Housing (Baladi) - Jeddah Municipality	39111365047	-	08/05/1445H (corresponding to 22/11/2023G)
Final license to open a private health institution (main branch)	Ministry of Health	2600019361	28/01/1443H (corresponding to 05/09/2021G)	23/03/1448H (corresponding to 05/09/2026G)

Source: Al-Mujtama Al-Raida Medical Company

It is worth noting that the Company is constantly working to renew all expired certificates or licenses.

3-11 Agreements with major Suppliers

The Company has signed several contracts with suppliers that manufacture and distribute medicines, medical and personal supplies that the Company works to provide in its pharmacies. Under the supply agreements, the supplier must supply a number of pharmaceutical and medical products and equipment to the Company according to agreed commercial terms and in accordance with the amounts specified in the purchase orders. The supply agreements also stipulate that the Company will display and market the products supplied by any particular supplier as agreed upon between the two parties. The following table shows details of the main agreements concluded by the Company with some of the main suppliers, which are listed as of the date of this Document:

Table 17: Agreements with major suppliers

Name	Country	Type of agreement	Nature of products	Contract Amount	Duration of the contract	Conditions for contract renewal
Supplier (1)	Saudi Arabia	Business development and product supply agreement	Milk and baby food	Invoices under purchase orders	Gregorian year beginning on 01/01/2023G and ended on 31/12/2023G	Automatically renewed
Supplier (2)	Saudi Arabia	Product supply contract	Medicines	Invoices under purchase orders	Gregorian year beginning on 01/01/2023G and ended on 31/12/2023G	Automatically renewed unless one of the parties notifies the other party at the end of the contract period of its desire not to renew it
Supplier (3)	Saudi Arabia	Commercial cooperation and product supply agreement	Tampons/papers	Invoices under purchase orders	4 Gregorian years beginning on 01/01/2019G and ended on 31/12/2023G	Automatically renewed after agreement between both parties
Supplier (4)	Saudi Arabia	Product supply contract	Milk and baby food	Invoices under purchase orders	Gregorian year beginning on 01/01/2023G and ended on 31/12/2023G	It is automatically renewed for a period of one year until a new contract is signed for the year 2024G or one of the two parties notifies the other in writing of its unwillingness to renew the contract.
Supplier (5)	Saudi Arabia	Promotional support contract for supplied products	Hair and baby care products	Invoices under purchase orders	Gregorian year beginning on 01/01/2023G and ends on 31/12/2023G	The contract is considered valid for the following three months from the date of completion, during which both parties work to renew the contract.

Name	Country	Type of agreement	Nature of products	Contract Amount	Duration of the contract	Conditions for contract renewal
Supplier (6)	Saudi Arabia	Product supply agreement	Medicines	Invoices under purchase orders	Gregorian year beginning on 01/01/2023G and ended on 31/12/2023G	Automatically renewed for a similar period unless one of the parties notifies the other party of its desire not to renew the contract one month before its expiry.
Supplier (7)	Saudi Arabia	Product supply agreement	Medicines	12,500,000 Saudi Riyals	Gregorian year beginning on 01/01/2023G and ended on 31/12/2023G	Automatically renewed for a similar period unless one of the parties notifies the other party of its desire not to renew the contract at the end of the contract period
Supplier (8)	Saudi Arabia	Product supply agreement	Medicines	Invoices under purchase orders	Gregorian year beginning on 01/01/2023G and ended on 31/12/2023G	The contract expires at the end of its term and is renewed with a new agreement
Supplier (9)	Saudi Arabia	Product supply agreement	Medicines	Invoices under purchase orders	Gregorian year beginning on 01/01/2023G and ended on 31/12/2023G	The contract expires at the end of its term and is renewed with a new agreement
Supplier (10)	Saudi Arabia	Product supply agreement	Medicines	Invoices under purchase orders	Gregorian year beginning on 01/01/2023G and ended on 31/12/2022G	Automatically renewed for a similar period unless one party notifies the other party of its desire not to renew the contract before the end of the contract term

Source: Al-Mujtama Al-Raida Medical Company

3-12 Transactions with major suppliers

The following table shows details of transactions with the Company's main suppliers during 2021G, 2022G, and the first half of 2023G:

Table 18: Transactions with major suppliers

S/N	Supplier	Fiscal year ended 31/12/2021G (SAR)	Percentage of total purchases	Supplier	Fiscal year ended 31/12/2022G (SAR)	Percentage of total purchases	Supplier	Financial period ended on 30/06/2023 (SAR)	Percentage of total purchases
1	Supplier (A)	49,561,259	15.14%	Supplier (A)	61,210,962	16.18%	Supplier (A)	39,546,243	18.32%
2	Supplier (b)	31,094,976	9.50%	supplier (b)	32,730,758	8.65%	supplier (b)	19,651,365	9.10%
3	Supplier (c)	24,605,767	7.52%	supplier (c)	31,600,628	8.36%	Supplier (h)	18,548,831	8.59%
4	Supplier (d)	20,411,090	6.23%	supplier (d)	21,428,416	5.67%	Supplier (g)	13,280,921	6.15%
5	Supplier (e)	18,737,428	5.72%	supplier (e)	20,694,959	5.47%	Supplier (d)	12,559,624	5.82%
6	Supplier (f)	13,081,600	4.00%	supplier (g)	16,212,894	4.29%	Supplier (J)	6,648,085	3.08%
7	Supplier (g)	11,183,752	3.42%	supplier (f)	12,672,048	3.35%	supplier (i)	6,529,469	3.02%
8	Supplier (h)	9,502,740	2.90%	supplier (i)	9,553,253	2.53%	supplier (k)	6,032,092	2.79%
Total transactions with major suppliers		178,178,612	54.43%	100.00%	206,103,918	54.50%	-	122,796,630	56.87%
Other suppliers		149,234,600	45.57%		172,115,987	45.50%		93,088,927	43.13%
Total		327,413,212	100.00%		378,219,905	100.00%		215,885,557	100.00%

Source: Al-Mujtama Al-Raida Medical Company

Note: Suppliers are indicated by different letters with each letter referring to a specific supplier.

Note: Percentages are rounded.

3-13 Company's Revenues

3-13-1 Revenues according to customer classification

The Company's revenues mainly consist of revenues from retail sales. The retail revenues collected by the Company are divided into several types according to the customer type: Revenues from pharmacy visitors, medical insurance customers, revenues generated through the (Wasfaty) program, and electronic sales revenues.

Pharmacy visitors constitute the main segment of the Company's customers, patients and customers, who visit the pharmacy on a regular basis to dispense medications and prescriptions and purchase daily supplies from the pharmacy. This segment also includes invoices for customers covered by some insurance companies, as the Company has, as of the date of this Document, one agreement signed with Bupa Arabia for Cooperative Insurance (Bupa), whereby the Company dispenses therapeutic medicines to Bupa's customers in accordance with the terms, conditions, financial limits, and exceptions mentioned in the agreement. The revenues generated from this segment of customers constituted approximately 79%, 78%, and 77% of the Company's total revenues during 2021G, 2022G, and the first half of 2023G, respectively.

Retail revenues also include credit revenues associated with the (Wasfaty) program through a semi-government client of the Company who operates and manages the **«Wasfaty»** program and is considered a representative of the Ministry of Health and the public health sector, as the agreement concluded between the two companies stipulates the transfer of patients and visitors who are being treated in hospitals affiliated with the Government health sectors and primary care centers to the Company's pharmacies, as an options available to customers being one of the companies participating in the (Wasfaty) service with the previously mentioned service provider, in order to dispense their medical prescriptions at one of the Company's pharmacies through the program platform. These revenues constitute about 21% of the Company's total revenues during the years 2021G and 2022G, and about 23% of the Company's total revenues during the first half of 2023G.

Internet sales began in 2020G and are sales that take place through the Company's website, so that customers can choose the required products and complete the payment process via their credit cards. The Company delivers the products ordered electronically to the customer's location. Electronic sales revenues represented less than 1% of the Company's total revenues in 2021G, 2022G, and the first half of 2023G. It is worth noting that the Company has developed a strategy to develop the electronic pharmacy during the year 2023G, aiming to increase the volume of electronic sales, the most important elements of which are: contracting with electronic marketing companies, working to develop the electronic pharmacy platform in a better way, and appointing a manager for the e-store.

The following is a table showing the Company's revenues according to customer classification during the years 2021G, 2022G, and the first half of 2023G:

Table 19: Company revenues according to customer classification

S/N	Revenue type	Fiscal year ended 31/12/2021G (SAR)	Percentage of the total	Fiscal year ended 31/12/2022G (SAR)	Percentage of the total	Fiscal period ended 30/06/2023G (SAR)	Percentage of the total
1	Retail revenues from pharmacy visitors and medical insurance customers	239,374,958	78.61%	286,719,972	78.11%	157,021,651	76.92%
2	Revenues from (Wasfaty) program	64,148,577	21.07%	78,768,920	21.46%	46,757,337	22.91%
3	Online electronic sales revenue	974,059	0.32%	1,586,595	0.43%	354,505	0.17%
Total		304,497,594	100.00%	367,075,487	100.00%	204,133,493	100%

Source: Al-Mujtama Al-Raida Medical Company

3-13-2 Revenues according to geographical distribution

The Company has a chain of (157) pharmacies as of the date of this Document, including (125) existing pharmacies and (32) pharmacies under construction that are expected to open during the next twelve months. They are distributed in many major cities and peripheral areas in the Kingdom of Saudi Arabia, especially in the western region of the Kingdom. Sales in the city of Jeddah constitute the largest percentage of the Company's total sales, as they constituted approximately 65%, 62%, and 60% of the Company's total revenues during 2021G, 2022G, and the first half of 2023G, respectively.

The following table shows the Company's revenues according to geographical distribution during 2021G, 2022G, and the first half of 2023G:

Table 20: Company revenues according to geographical distribution

City	Number of pharmacies as of 2021G	Total sales as of 2021G	Percentage of the total as in 2021G	Number of pharmacies as of 2022G	Total sales as of 2022G	Percentage of the total as in 2022G	Number of pharmacies as of 30/06/2023G	Total sales as of 30/06/2023G	Percentage of the total as of 30/06/2023G
Jeddah	58	201,316,052	66.12%	63	227,612,923	62.01%	68	121,673,138	59.60%
Taif	16	34,665,565	11.38%	18	48,181,231	13.13%	17	23,000,339	11.27%
Makkah	11	37,402,307	12.28%	12	47,390,526	12.91%	15	30,586,464	14.98%
Riyadh	9	13,860,346	4.55%	7	16,211,023	4.42%	7	8,334,667	4.08%
AL Madinah	4	8,091,972	2.66%	4	9,227,133	2.51%	5	7,062,315	3.46%

City	Number of pharmacies as of 2021G	Total sales as of 2021G	Percentage of the total as in 2021G	Number of pharmacies as of 2022G	Total sales as of 2022G	Percentage of the total as in 2022G	Number of pharmacies as of 30/06/2023G	Total sales as of 30/06/2023G	Percentage of the total as of 30/06/2023G
Al Kharj	2	3,826,456	1.26%	2	3,830,851	1.04%	2	2,177,839	1.07%
Rabigh	2	2,733,810	0.90%	2	3,275,075	0.89%	2	1,763,696	0.86%
Yanbu	-	-	-	1	1,540,595	0.42%	1	1,373,098	0.67%
Jazan	2	1,627,028	0.53%	5	8,219,534	2.24%	6	7,807,432	3.82%
Online store	1	974,058	0.32%	1	1,586,596	0.43%	1	354,505	0.17%
Total	105	304,497,594	100.00%	115	367,075,487	100.00%	124	204,133,493	100.00%

Source: Al-Mujtama Al-Raida Medical Company

3-13-3 Revenues by product type

The Company offers a variety of pharmaceutical products to its customers, such as medicines, personal care products, medical tools and devices, nutritional supplements, maternal and child care products, and other necessary supplies for customers.

The following table shows details of revenues by product as of 2021G, 2022G, and the first half of 2023G:

Table 21: Company revenues by product type

S/N	Product Type	Fiscal year ended 31/12/2021G (SAR)	Percentage of the total	Fiscal year ended 31/12/2022G (SAR)	Percentage of the total	Fiscal period ended 30/06/2023G (SAR)	Percentage of the total
1	Pharmaceutical products	181,050,670	59.46%	227,666,821	62.02%	130,279,953	63.82%
2	Personal care products	82,284,514	27.02%	68,934,398	18.78%	35,285,824	17.29%
3	Mother and baby care products	33,284,278	10.93%	38,838,018	10.58%	19,224,208	9.42%
4	Nutritional supplements	23,081,047	7.58%	25,575,644	6.97%	14,453,091	7.08%
5	Medical tools and devices	4,797,085	1.58%	6,060,606	1.65%	4,890,417	2.40%
	Total	304,497,594	100.00%	367,075,487	100.00%	204,133,493	100.00%

Source: Al-Mujtama Al-Raida Medical Company

3-14 Company's warehouses and transportation fleet

The Company currently has (3) three rented locations in the city of Jeddah, which include (4) four existing warehouses under (4) four ongoing lease contracts. They are divided according to the classification of products that are kept and stored in each warehouse as follows: a warehouse for medicines and medical devices, a warehouse for papers and tampons, a warehouse for milk products and baby food and a warehouse for cosmetic products. The Company also has a warehouse under construction on rented land in the Third Industrial City (Modon) in Jeddah under a valid lease contract, with a total area of (21,000) twenty-one thousand square meters, and it is expected to operate during the last quarter of 2023G, as the completion rate has reached about 96% as at 30/07/2023G. The Company plans for this warehouse to be its main warehouse, as it will include all of the Company's products of various classifications under one roof divided into several sections according to the types of products and the appropriate storage method for them. (For more details, please see Section No. (3-15-2) entitled «Warehouse Lease Contracts» of this Document).

Daily supplies are supplied to points of sale through the Company's warehouses, where the Company receives, stores, and supplies products under the supervision of warehouse managers with extensive experience in the field of operations and warehouse management, taking into account the commitment to applying the highest quality standards to ensure the safety of the products, storing, preparing, and transporting them in the best possible way in accordance with the instructions the Saudi Food & Drug Authority. It is worth noting that controlled medicines are stored in the Company's warehouses in accordance with the implementing regulations of the Narcotic Drugs and Psychotropic Substances Law issued by the Saudi Food & Drug Authority, so that they are secured by security guards around the clock. The Company has licensed pharmacists responsible for the custody of narcotic drugs or psychotropic substances in the warehouses and about dispensing it in a regular manner, and submitting the necessary reports to the Ministry of Health according to what was stated in the Implementing Regulations of the Narcotic Drugs and Psychotropic Substances Law issued by the Saudi Food & Drug Authority. It is also worth noting that all of the Company's pharmacies are registered in the (RSD) program of the said Authority, which is concerned with tracking the movement of the drug from the manufacturer through the agent, then warehouses, then pharmacies, then the patient (end user).

The Company also uses one of the latest international computer and programming systems in its branches, which connects pharmacies, warehouses, the accounting system, and other administrative departments of the Company with each other through the enterprise resource planning (ERP) system «LS Central on Microsoft D365 Business Central,» which is compatible with most other global systems and software. In terms of linking with databases and transferring or exporting them easily and effectively.

The following table shows the most important details of the Company's warehouses:

Table 22: Company warehouses

S/N	Description	City	Area (Square meters)	Storage area (Square meters)
1	Medicine warehouse	Jeddah	1,200	674
2	Cosmetics warehouse in the warehouses area of the Chamber of Commerce	Jeddah	884	884
3	A warehouse for milk and baby food products in the warehouses area of the Chamber of Commerce	Jeddah	428	428

S/N	Description	City	Area (Square meters)	Storage area (Square meters)
4	Tampons and paper warehouse in the warehouses area of the Chamber of Commerce	Jeddah	1,890	1,890
5	The Third Industrial City warehouse (divided into four sections to store all types of the Company's products)*	Jeddah	21,000	15,000 square meters with administrative offices, a refrigerated room for storing refrigerated medications with an area of 150 square meters, and a storage area of 300 square meters.

Source: Al-Mujtama Al-Raida Medical Company

* The warehouse is under construction, and the Company expects to open and operate it during the last quarter of 2023G, as the completion rate was approximately 96% as of 07/30/2023G.

The Company has a transportation fleet consisting of approximately (23) twenty-three cars and trucks with multiple uses and capacities as of 30/07/2023G, which complete approximately (40) forty transportation and delivery operations daily. The Company's warehouses, combined with the Company's transportation fleet, form the main backbone of its pharmacy network, where all required products are provided from its approved sources so that they reach every pharmacy and every customer at the right time and in the right quantity. Non-conforming or expired products are also transported from branches to warehouses in a safe and consistent manner.

The following table shows the details of the Company's goods transport fleet as of 30/07/2023G:

Table 23: Goods transport fleet

Year of manufacture	Manufacturer Company	Number	Vehicle status	Registration type
2011G	Suzuki	1	Workable	Private transportation
2014G	Daihatsu	1	Workable	Private transportation
	Toyota	3	Workable	Private transportation
2015G	Toyota	1	Workable	Private transportation
2016G	Isuzu	2	Workable	Private transportation
	Suzuki	2	Workable	Private transportation

2017G	Suzuki	2	Workable	Private transportation
	Isuzu	1	Workable	Private transportation
2018G	Fiat	1	Workable	Private transportation
	Isuzu	1	Workable	Private transportation
2019G	Renault	1	Workable	Private transportation
2020G	Renault	2	Workable	Private transportation
	Isuzu	1	Workable	Private transportation
2021G	Isuzu	1	Workable	Private transportation
2022G	Isuzu	1	Workable	Private transportation
2023G	Isuzu	1	Workable	Private transportation
	Isuzu	1	Workable	Private transportation
Total		23		

Source: Al-Mujtama Al-Raida Medical Company

Notably, Company is subject to the standards of transporting medicines specified by the Saudi Food & Drug Authority, as warehouses are not licensed except after inspecting the trucks and delivery vehicles and ensuring that they comply with the requirements of the Saudi Food & Drug Authority, such as the presence of an electronic thermometer linked to a tracking system for temperatures and humidity inside truck boxes, and the presence of an electronic device to track cars and trucks, which enables both the warehouse manager and the electronic pharmacy manager to follow all the movements of trucks and delivery vehicles, in addition to the presence of licenses for those trucks and vehicles from the Ministry of Transportation.

3-15 Lease contracts

3-15-1 Main office lease contract

The table below shows the lease for the Company's head office:

Table 24: Head office lease contract

Property description	Tenant	Lessor	City	Area (Square meters)	Rental Value (VAT not included)	Contract duration	Contract status	Contract renewal conditions
Head office	Almujtama Jeddah for Medicines Company	Leased (1)	Jeddah	1,316	600,000 Saudi Riyals annually	15 Gregorian years starting on 13/08/2023G and ended on 12/08/2038G	Ongoing	The rental period will be automatically renewed for a similar period unless one party notifies the other party of its desire to terminate the contract (365) days before the expiration date of the rental period.

Source: Al-Mujtama Al-Raida Medical Company

3-15-2 Warehouses lease contracts

The Company currently has (3) three rented locations in the city of Jeddah, which include (4) four existing warehouses under (4) four valid lease contracts. They are divided according to the classification of products that are preserved and stored in each warehouse as follows: a warehouse for medicines and medical devices, a warehouse for papers and tampons, a warehouse for milk products and baby food and a warehouse for cosmetic products.

The Company also has a warehouse under construction on rented land under a valid lease contract in the Third Industrial City (Modon) in Jeddah, with a total area of (21,000) twenty-one thousand square meters. It is expected to be operated during the last quarter of 2023G, as the completion rate was about 96% as of 30/07/2023G. The Company plans for this warehouse to be its main warehouse, as it will include all of the Company's products of various classifications under one roof divided into several sections according to the types of products and the appropriate storage method for them.

The following table shows the lease contracts for all of the Company's current warehouses and the warehouse under construction:

Table 25: Warehouses lease contracts

Property description	Tenant	Lessor	City	Area (Square meters)	Rental Value (VAT not included)	Contract duration	Contract status	Contract renewal conditions
Drug and medical devices warehouse	Al-Mujtama Al-Raida Medical Company	Leased (2)	Jeddah	1,200	200,000 Saudi Riyals annually	One calendar year starting on 19/11/2022G and ended on 18/11/2023G	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties
Milk and baby food warehouse	Al-Mujtama Al-Raida Medical Company	Jeddah Chamber of Commerce and Industry	Jeddah	428	46,652 Saudi Riyals annually and became 51,360 Saudi Riyals annually starting on 19/07/2023G	Starting on 01/10/2022G and ended on 25/02/2028G	Ongoing	The contract may not be renewed unless a new contract is signed
Beauty warehouse	Al-Mujtama Al-Raida Medical Company	Jeddah Chamber of Commerce and Industry	Jeddah	884	96,356 Saudi Riyals annually, and it became 106,080 Saudi Riyals annually, starting from 19/07/2023G	Starting on 01/10/2020G and ended on 25/05/2028G	Ongoing	The contract may not be renewed unless a new contract is signed
Tampons and paper warehouse	Al-Mujtama Al-Raida Medical Company	Jeddah Chamber of Commerce and Industry	Jeddah	1,890	206,010 Saudi Riyals annually and became 226,800 Saudi riyals annually Starting from 19/07/2023G	Starting on 01/10/2020G and ended on 25/05/2028G	Ongoing	The contract may not be renewed unless a new contract is signed
Third Industrial City warehouse	Al-Mujtama Al-Raida Medical Company	Saudi Authority for Industrial Cities and Technology Zones (MODON)	Jeddah	21,000	420,000 Saudi Riyals annually	20 Hijri years starting on 04/08/1442H (corresponding to 17/03/2021G) and ended on 03/08/1462H (corresponding to 11/08/2040G)	Ongoing	The contract will be renewed for another period agreed upon by both parties, after a written notice is sent by the tenant (6) months before the expiration of the contract

Source: Al-Mujtama Al-Raida Medical Company

3-15-3 Lease contracts for major pharmacies

Below are the details of the ten largest (10) lease contracts related to the Company's pharmacies in terms of the lease amount:

Table 26: Rent of major pharmacies

Property description	Tenant	Lessor	City	Area (Square meters)	Rental Value (VAT not included)	Contract duration	Contract status	Contract renewal conditions
Pharmacy (1)	Al-Mujtama Al-Raida Medical Company	Lessor (3)	Makkah	478	650,000 Saudi Riyals annually	10 Gregorian years starting on 15/11/2022G and ended on 14/11/2032G	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.
Pharmacy (2)	Al-Mujtama Al-Raida Medical Company	Lessor (4)	AL Madinah	363	613,000 Saudi Riyals annually	3 Gregorian years starting on 05/03/2023G and ended on 04/05/2026G	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.
Pharmacy (3)	Al-Mujtama Al-Raida Medical Company	Lessor (5)	Jeddah	480	Average value of 550,000 Saudi Riyals annually	10 Gregorian years starting on 01/09/2022G and ended on 31/08/2032G	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.
Pharmacy (4) and staff housing	Al-Mujtama Al-Raida Medical Company	Omar Yusuf Yuldash Khoja	Jeddah	266 m2 for the pharmacy + 78.8 m2 for employee housing	550,000 Saudi Riyals annually	10 Gregorian years starting on 01/04/2023G and ended on 31/03/2033G	Ongoing	The rental period will be automatically renewed for a similar period unless one party notifies the other party of its desire to terminate the contract (180) days before the expiration date of the rental period.
Pharmacy (5)	Al-Mujtama Al-Raida Medical Company	Lessor (6)	Jeddah	800	Average value of 525,000 Saudi Riyals annually	20 Gregorian years starting on 01/10/2023G and ended on 30/09/2043G	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.
Pharmacy (6)	Al-Mujtama Al-Raida Medical Company	Lessor (7)	Makkah	324	An average value of 510,849 Saudi Riyals annually	8 years and 10 calendar months, starting on 30/07/2022G and ended on 29/05/2031G	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.
Pharmacy (7)	Al-Mujtama Al-Raida Medical Company	Lessor (8)	Makkah	292	480,000 Saudi Riyals annually	A Gregorian year that begins on 28/05/2023G and ends on 27/05/2024G	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.

Property description	Tenant	Lessor	City	Area (Square meters)	Rental Value (VAT not included)	Contract duration	Contract status	Contract renewal conditions
Pharmacy (8)	Al-Mujtama Al-Raida Medical Company	Lessor (9)	Makkah	1,011	Average value of 475,000 Saudi Riyals annually	25 Gregorian years starting on 01/01/2024G and ended on 31/12/2048G	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.
Pharmacy (9)	Al-Mujtama Al-Raida Medical Company	Lessor (10)	Jeddah	228	450,000 Saudi Riyals annually	5 Gregorian years starting on 01/7/2023G and ended on 30/06/2028G	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.
Pharmacy (10)	Al-Mujtama Al-Raida Medical Company	Omar Yusuf Yuldash Khoja	Jeddah	440	400,000 Saudi Riyals annually	9 years and 11 calendar months, starting from (01/05/2023G and ended on 31/03/2033G)	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.

Source: Al-Mujtama Al-Raida Medical Company

3-16 Trademarks and Copyrights

In marketing its products and managing its operational activity, the Company relies on the reputation of its brand, which gives it a distinguished position among its customers in the market. The Company obtained the trademark registration certificate for Al-Mujtama Al-Raida Medical Company from the Saudi Authority for Intellectual Property in the Kingdom of Saudi Arabia on 30/08/1436H (corresponding to 18/06/2015G). The following table shows the details of the Company's trademark:

Table 27: Trade Mark

C/R No	Owner's name	Category	Trademark description	Protection end date	Country of registration	Trademark
1436011584	Al-Mujtama Al-Raida Medical Company	(5)	M letter in Latin, in yellow, at the end of which a check mark is drawn in dark green, with light blue and yellow borders, at a dark green background.	26/05/1446H (corresponding to 28/11/2024G)	Saudi Arabia	

Source: Al-Mujtama Al-Raida Medical Company

The Company's trademark has been officially registered in the Kingdom of Saudi Arabia, and the Company does not own any other trademark other than those mentioned above. The Company has also not concluded any licensing agreement to use its trademark above for any other party, whether inside or outside the Kingdom. In addition, it does not have any license to use trademarks of foreign companies on the Company's publications or marketing publications inside the Kingdom.

3-17 Insurance agreements

Table 28: Insurance agreements

Insurance company	Contract Value	Total maximum insurance coverage per annum	Insurance type	Contract status	Contract duration
Bupa Arabia Cooperative Insurance Company	1,833,003 (SAR)	1,000,000 Saudi riyals for each member	Health insurance	Starting on 30/01/2023G and ended on 29/01/2024G	Ongoing
Alinma Tokyo Marine Company	21,000 (SAR)	500,000,000 (SAR)	All risks insurance for the property	Starting on 10/06/2022G and ended on 09/06/2023G	Ongoing
National Insurance Company	41,718 (SAR)	10,000,000 (SAR)	Third party Motor insurance	Starting on 27/12/2022G and ended on 26/12/2023G	Ongoing

Source: Al-Mujtama Al-Raida Medical Company

It is worth noting that the Company is working to renew expired insurance contracts.

It is also worth noting that the Company has additional insurance coverage for its cars and trucks for transporting goods, through several insurance policies for each vehicle separately, with a different amount and a different effective date for each policy.

3-18 Contracts with related parties

The Company has three existing lease contracts with the Chairman of the Board of Directors and the substantial shareholder (Omar Yousef Khoja), for the purpose of using them as pharmacies affiliated with the Company. These rents are paid in installments every six months according to the payment schedules included in the lease contracts. The following table shows details of contracts with related parties:

Table 29:contracts with related parties

Property description	Lessor	City	Area (Square meters)	Total value	Annual rental value	Contract duration	Contract status	Contract renewal conditions
Pharmacy and staff housing	Omar Yusuf Yuldash Khoja	Jeddah	266 m2 for the pharmacy + 78.8 m2 for employee housing	6,325,0000 Saudi Riyals for the entire contract (including VAT)	550,000 Saudi Riyals (excluding VAT)	10 Gregorian years starting from (01/04/2023G) and ended on (31/03/2033G)	Ongoing	The lease period is automatically renewed for a similar period unless one party notifies the other party of its desire to terminate the contract 180 days before the expiration date of the lease term.
Pharmacy	Omar Yusuf Yuldash Khoja	Jeddah	170	276,000 Saudi Riyals for the entire contract (including VAT)	160,000 Saudi Riyals (excluding VAT)	One year and six calendar months starting from (07/09/2022G) and ended on 06/03/2024G)	Ongoing	The lease period is automatically renewed for a similar period unless one party notifies the other party of its desire to terminate the contract before (90) days from the expiration date of the lease term.
Pharmacy	Omar Yusuf Yuldash Khoja	Jeddah	440	4,561,667 Saudi Riyals for the entire contract (including VAT)	400,000 Saudi Riyals (excluding VAT)	9 years and 11 calendar months, starting from (01/05/2023G) and ended on 31/03/2033G)	Ongoing	The lease term ends at the end of the contract term. If both parties wish to renew, a new contract is written and agreed upon by both parties.

3-19 Substantial Agreements of the Company

The Company has entered into several substantial agreements with third parties to facilitate its business and improve its profitability. The following table shows the Company's substantial agreements:

Table 30: Substantial agreements concluded by the company

First party	Contract type	Total value	Contract duration and conditions	Contract status
A semi-governmental company working in the field of providing medical purchasing services and the operator and manager of the (Wasfaty) program under the supervision of the Ministry of Health	Pharmaceutical facilities subscription agreement	An agreed upon percentage of the cost of medications dispensed is calculated as a profit percentage for the pharmacy. The percentage may be adjusted based on the company's operating performance and efficiency	It begins on 01/04/2019G until 31/12/2024G, and the subscription period for the service is renewed annually unless either party notifies it of its unwillingness to renew a period of not less than two months before the end of the subscription.	Ongoing
Cooperative insurance company	A contract organizing the dispensing of therapeutic drugs	Dues are paid according to claims and invoices that are calculated according to a specific mechanism agreed upon between the two parties	Two Gregorian years starting on November 04/11/2015G This contract will be automatically renewed for the same period unless either party notifies the other in writing sixty days before the expiration date of this contract of its desire not to renew the contract.	Ongoing
A company that provides ICT solutions and network management services	Services contract (hosting servers and backup main frames, connecting branches and computer servers, making backup copies and protecting all devices and servers)	SAR 147,432	A Gregorian year starting from 06/08/2022G from the activation of the service and automatically renewed for a similar period unless this association is terminated in writing by either or both parties (90) days before expiration date of the contract.	Ongoing

First party	Contract type	Total value	Contract duration and conditions	Contract status
A company that owns an electronic application and provides an order delivery service	Order delivery agreement	A monthly service fee of 8% of the total value of orders received from the company's pharmacies	The contract's validity period begins from 22/04/2020G until 31/12/2020G. It is automatically renewed after the expiration of the contract period, unless this engagement is terminated in writing by either or both parties (30) days before the contract expiration date.	Ongoing
E-services provider	An agreement to provide a subscription service to the electronic prescription system issued by the (Seha) application	2,000 Saudi Riyals every six months for each branch	Six months starting from 12/08/2018G, and the contract is automatically renewed for a similar period unless one of the two parties notifies the other of its unwillingness to renew the contract.	Ongoing
A company for providing snacks and drinks (tenant)	Commercial space rental contract	370,950 Saudi Riyals annually	Starting from 04/01/2022G and ended on 10/03/2035G	Ongoing
An Entity that provides communications and information technology services	Contract to operate (LS Central on Microsoft D365 Business Central) for comprehensive business management (ERP).	317,034 US dollars, equivalent to 1,188,8778 Saudi Riyals, excluding tax, paid once in installments for the program licenses and the cost of installation, operation and training + in addition to the amount of 50,563 US dollars, equivalent to SAR 189,611 paid annually for annual technical support	The contract's validity period begins on 25/09/2022 and ends on 24/09/2023. The contract is automatically renewed for a similar period unless one of the two parties notifies the other of its unwillingness to renew the contract	Ongoing

Source: Al-Mujtama Al-Raida Medical Company

3-20 Research and Development Policy

In view of the qualitative shift witnessed by the health services sector in the Kingdom in general, and the start of implementing privatization programs and the subsequent assignment of the task of dispensing medicine to private sector pharmacies, and in line with the Kingdom's Vision 2030, Al-Mujtama Al-Raida Medical Company has carried out many research, training, and technical studies, and development. A tripartite agreement was signed in the city of Riyadh on 06/06/2018G with the Undersecretary of the Ministry of Health for Public Health and King Abdulaziz University represented by the College of Pharmacy, where several areas of cooperation were agreed upon, as follows:

- Strengthening cooperation in the fields of training, research, technology, and development.
- Coordinating the training of pharmacy college students in AlMujtama pharmacies.
- Organizing and facilitating research projects related to AlMujtama pharmacy sector and the educational sector for students and employees of colleges of pharmacy.
- Developing the profession in AlMujtama pharmacy sector based on scientific research.

The field of scientific research carried out by the Company also extended to conducting field and statistical studies that included a number of major cities in the Kingdom, where the Company presented its vision for the most effective ways to transfer drug dispensing from government hospital pharmacies to community pharmacies affiliated with the private sector without affecting the investment and profitability aspect of the AlMujtama pharmacy; but rather, makes it a profitable investment in the immediate and long term, which strengthened the strategic partnership between the government and private sectors. The study focused on raising the level of service in an effort to achieve satisfaction for the beneficiary, which should characterize the private sector within the framework of the controls established for the profession first.

In this way, the Company participated in many workshops and meetings with relevant government agencies, health authorities, and companies (governmental and non-governmental), where the working paper presented by the Company in each workshop or meeting had an effective contribution to coming up with positive recommendations and suggestions to achieve the targeted purposes and common interests.

The Company presented a number of field research, studies, reports and statistics to the relevant government agencies:

Table 31 : Studies conducted by the Company

S/N	Subject Matter	Study Date	The party to whom the study is
1	A report on therapeutic groups that are not usually available in AlMujtama pharmacies and that are required to be available urgently, proposing available alternatives, indicating the manufacturing companies, local agents, and their scientific and commercial names.	03/02/2020G	The Saudi Food and Drug Authority and a semi-governmental company, is considered the largest central company in the field of providing medical purchasing services and distributing medicines, devices and medical supplies in the Kingdom under the umbrella of the Ministry of Health, and the official body operating the (Wasfaty) program.
2	A study project regarding the mechanism of purchasing, storing, and dispensing controlled medications through AlMujtama pharmacies with the «Wasfaty» system.	18/01/2022G	The Assistant Undersecretary for Private Health Investment Development+ is a semi-governmental company and is considered the largest central company in the field of providing medical purchasing services and distributing medicines, devices and medical supplies in the Kingdom under the umbrella of the Ministry of Health, and the official body operating the (Wasfaty) program.

S/N	Subject Matter	Study Date	The party to whom the study is
3	Project to study the operation of the outpatient pharmacy at East Jeddah Hospital.	19/01/2021G	The General Directorate of Health Affairs in Jeddah+ is a semi-governmental company and is considered the largest central company in the field of providing medical purchasing services and distributing medicines, devices and medical supplies in the Kingdom under the umbrella of the Ministry of Health, and the official body operating the (Wasfaty) program.
4	<p>A project to study the operation of outpatient pharmacies for a number of hospitals in Jazan region, where the study resulted in signing of the following agreements:</p> <ul style="list-style-type: none"> - Signing an agreement to operate the external pharmacy of Jizan General Hospital (expected to operate in November 2022G), and the duration of the contract is fifteen years. - Signing an agreement to operate the Sabya General Hospital pharmacy (expected to operate in the second half of 2023G). - Signing an agreement to operate the pharmacy of the Primary Health Care Center in Sabya. The actual operation took place in February 2022G, and the duration of the contract is not specified. - Signing an agreement to operate the pharmacy of the primary care center in Baysh. The actual operation took place in February 2022G, and the duration of the contract is not specified. - Signing an agreement to operate the primary health care center pharmacy at Ahad Almasarha. The actual operation took place in February 2022G, and the duration of the contract is not specified. 	02/01/2022G	Directorate of Health Affairs in Jazan
5	Study of a project to operate a site next to the entrance of the outpatient clinics of King Abdulaziz University Hospital in Jeddah (the contract was signed on 26/09/2022G for a period of 3 years.	21/12/2021G	King Abdulaziz University + and a semi-governmental company that is considered the largest central company in the field of providing medical purchasing services and distributing medicines, devices and medical supplies in the Kingdom under the umbrella of the Ministry of Health, and the official body operating the (Wasfaty) program.
6	A presentation submitted by the AlMujtama Pharmacy on the mechanism for providing and implementing the home delivery service for medicines within Jeddah Governorate and its affiliated areas	10/12/2021G	Assistant Undersecretary for Private Health Investment Development + a semi-governmental company that is considered the largest central company in the field of providing medical purchasing services and distributing medicines, devices and medical supplies in the Kingdom under the umbrella of the Ministry of Health, and the official body operating the (Wasfaty) program.

S/N	Subject Matter	Study Date	The party to whom the study is
7	Study of the project to operate the outpatient pharmacy at Abu Arish General Hospital	27/06/2021G	A semi-governmental company that is considered the largest central company in the field of providing medical purchasing services and distributing medicines, devices and medical supplies in the Kingdom under the umbrella of the Ministry of Health, and the official body operating the (Wasfaty) + program and the Directorate of Health Affairs in Jazan.
8	Study of the project to establish, operate, and manage the outpatient pharmacy at primary health care centers No. 1 in Al-Shifa district - Riyadh	21/12/2019G	A semi-governmental company that is considered the largest central company in the field of providing medical purchasing services and distributing medicines, devices and medical supplies in the Kingdom under the umbrella of the Ministry of Health, and the official body operating the (Wasfaty) program.
9	A field study on the operation of primary care centers at the Ministry of Health hospitals in the city of Jeddah through AlMujtama pharmacies.	26/09/2019G	A semi-governmental company that is considered the largest central company in the field of providing medical purchasing services and distributing medicines, devices and medical supplies in the Kingdom under the umbrella of the Ministry of Health, the official body operating the (Wasfaty)+ program and the Directorate of Health Affairs in Jeddah.
10	Statistics on AlMujtama pharmacies' clients for chronic disease patients during the year 2018.	10/02/2019G	Health Education Department at the Ministry of Health
11	A field study on the role of private pharmacies in primary care centers.	24/12/2018G	Assistant Undersecretary for Primary Health Care at the Ministry of Health
12	Research on the role of private pharmacies in the expanded immunization program in the Kingdom of Saudi Arabia.	31/08/2018G	Assistant Undersecretary for Preventive Health at the Ministry of Health and Director of the National Immunization Program at the Ministry of Health
13	At the invitation of the Ministry of National Guard Health Affairs, a study is being prepared to operate a number of its outpatient pharmacies.	03/09/2022G	Health Affairs at the Ministry of National Guard
14	A project study is currently being prepared to be submitted to the Directorate of Health Affairs in Taif, based on its request, to operate both the outpatient pharmacy for the Maternity and Children's Hospital and the King Abdulaziz Specialist Hospital in Taif.	08/10/2022G	Health Affairs in Taif City
15	A study that includes a proposal to create an electronic platform in the AlMujtama pharmacy that guarantees the full dispensing of the prescription from the first time to eliminate reports of unavailability.	10/10/2022G	A semi-governmental company that is considered the largest central company in the field of providing medical purchasing services and distributing medicines, devices and medical supplies in the Kingdom under the umbrella of the Ministry of Health, and the official body operating the (Wasfaty) program.

Source: Al-Mujtama Al-Raida Medical Company

3-21 Business Interruption

The Company's Board of Directors declares that there has been no interruption in the Company's business that could have, or has significantly affected, the Company's financial position during the last twelve (12) month period.

3-22 Employees and Saudization

3-22-1 Employees

The number of employees at Al-Mujtama Al-Raida Medical Company was (775) employees as of 30/07/2023G, of which the number of Saudis was (216) employees, while the number of non-Saudis was (559) employees. The Company also employs a number of non-Saudi workers sponsored by companies operating the workforce (external workers), pursuant to labor services agreements. Their number was (111) workers as of 30/07/2023G, and they contribute to supporting the Company's operations within the two departments: Pharmacies Department and Warehouses Department.

The following table shows the number of employees and Saudization rates for the Company during the years 2021G and 2022G and as of 30/07/2023G:

Table 32: Numbers of Company Employees

	2021G		2022G		As of 30/07/2023G	
	Number	Ratio	Number	Ratio	Number	Ratio
Saudis	172	25.67%	201	26.80%	216	27.87%
Non-Saudis	498	74.33%	549	73.20%	559	72.13%
Total	670	100.00%	750	100.00%	775	100.00%

Source: Al-Mujtama Al-Raida Medical Company

The following table shows the number of Company employees per department during the years 2021G and 2022G and as of 30/07/2023G:

Table 33: Numbers of Company Employees per department

Section	2021G				2022G				As of 30/07/2023G			
	Saudi	Non-Saudi	Total	Saudization rate*	Saudi	Non-Saudi	Total	Saudization rate*	Saudi	Non-Saudi	Total	Saudization rate*
Executive Officer/ Managing Director	1	0	1	100%	1	0	1	100%	1	0	1	100%
Human Resource Department	11	0	11	100%	11	0	11	100%	11	0	11	100%
Purchase Department	1	5	6	17%	1	4	5	20%	1	5	6	17%
Pharmacies Department	60	311	371	16%	80	354	434	18%	90	356	446	20%
Finance Department	3	8	11	27%	3	6	9	33%	3	7	10	30%
Marketing Department	0	3	3	0%	0	3	3	0%	0	4	4	0%
Customer Service Department	1	9	10	10%	1	11	12	8%	1	12	13	8%
Information Systems Department	0	2	2	0%	0	2	2	0%	0	2	2	0%
Support Services Department (security guards, inventory committees, maintenance and maintenance and Installation department)	90	52	142	63%	99	64	163	61%	101	66	167	60%
Warehouses Department	5	108	113	4%	5	105	110	5%	7	105	112	6%
Planning and Logistics Department	0	0	0	0%	0	0	0	0%	0	1	1	0%
Training Department	0	0	0	0%	0	0	0	0%	0	1	1	0%
Technical Supervision and Support Department	0	0	0	0%	0	0	0	0%	1	0	1	100%
Total	172	498	670	26%	201	549	750	27%	216	559	775	28%

Source: Al-Mujtama Al-Raida Medical Company

Note: Ratios are rounded to the nearest integer.

3-22-2 Saudization

The Saudization program **«Nitaqat»** was approved pursuant to the Resolution of His Excellency the Minister of Labor No. (4040) dated 12/10/1432H (corresponding to 10/09/2011G), based on Council of Ministers Resolution No. (50) dated 21/05/1415H (corresponding to the 27/10/1994G). Nitaqat Program was implemented on 12/10/1432H (corresponding to 10/09/2011G). In implementation of Ministerial Resolution No. (182495) dated 15/11/1442H (corresponding to 25/06/2021G), Nitaqat Program was amended to the Developer Nitaqat Program, which approved the integration of small and micro economic activities, and incorporating them with the rest of the economic activities, and presenting a fixed localization plan for the next three years to provide legislative stability and improve the direct relationship between the number of employees and the percentage of Saudization as an alternative to percentages based on specific and fixed sizes of entities. It is also worth noting that His Excellency the Minister of Human Resources issued a decision to cancel the yellow band in the Entities Stimulating Program to localize jobs (Nitaqat) on 01/06/1441H (corresponding to 26/01/2020G). This decision aims to motivate entities in this band to move to the green band and higher, which leads to increased Saudization and job opportunities for male and female citizens, and making the Ministry's services available to such entities.

Through the Nitaqat Developer Program, the performance of any company is evaluated based on specific categories **«Nitaqat»** which include: the platinum band, the green band (divided into subcategories, i.e.: low category, medium category, and high category) and the red band. Companies that are within the platinum or green range are considered to have fulfilled the requirements of Saudization, and therefore deserve a number of benefits, such as enabling the company to obtain work visas and bring in non-Saudi workers from abroad, renew work permits for non-Saudi employees, transfer the sponsorship of non-Saudi workers to the company, and change their professions (with the exception of the professions designated exclusively for Saudi citizens). As for companies that are in the red zone (based on the extent of their non-compliance with the specified requirements), they are considered to have violated Saudization requirements, and may be subject to some penal measures, such as limiting their ability to renew the work permits of non-Saudi employees or obtain new work visas.

It is worth noting that the Company has been classified according to its main activity within the medium green range as of 30/07/2023G, as the Company has been able to achieve a localization rate of 31.23%, according to the **«Qawa»** platform affiliated with the Ministry of Human Resources and Social Development.

3-23 Social Responsibility

The Company is keen to devote great efforts to pay attention to social responsibility and contribute to the benefit of society. The Company is considered a strategic partner of the Ministry of Health in implementing health care programs and the Ministry's system initiatives for the National Transformation Programs 2020 and the Kingdom of Saudi Arabia's Vision 2030. The most prominent of these programs is the (Wasfaty) program for dispensing prescriptions issued by primary care centers and hospitals affiliated with the Ministry of Health and Medical Services in other government sectors, according to the stipulations of the **«Pharmaceutical Facilities Subscription»** agreement signed with a semi-governmental client of the Company, which operates and manages the **«Wasfaty»** program and is considered Representatives of the Ministry of Health and the public health sector. Based on the Company's pioneering role in community contribution, it has undertaken several campaigns and participations with many strategic partnerships in the field of health care in the Kingdom to achieve its vision and mission in serving members of society in all its categories, and among the most important of these participations are:

- Participation in major campaigns with government agencies in the health sector, such as the Ministry of Health and the Food and Drug Authority, and its prominent impact in raising the level of health services in various regions of the Kingdom.
- Participating in awareness campaigns to raise the level of health awareness, such as awareness campaigns on World Health Days, such as participating in the success of the Gulf Week for Oral and Dental Health under the slogan (Teeth are Health and Beauty) for nine years from 1430H to 1438H.

- Participation in the campaign (alert service) regarding children's vaccination dates under the supervision of the Health Awareness Department at the Ministry of Health
- Participation in the (Modify Your Habits) campaign under the supervision of the Health Awareness Department at the Ministry of Health
- Participation in providing training, educational and cooperative services, holding workshops and contributing to scientific research within some educational institutions such as schools and colleges, the most important of which is training students of the College of Pharmacy (internship stage) at King Abdulaziz University in Jeddah in the Company's pharmacies to qualify and encourage newly graduated pharmacists to work in the sector. Private health care, based on a tripartite agreement concluded with the Ministry of Health and the College of Pharmacy at King Abdulaziz University in Jeddah for a period of (3) years starting from 1439G. This initiative remains in effect to the date of this Document.
- Participation in the national campaign (Know Your Numbers) to monitor the vital signs of citizens and residents, which began to implement a unified medical file system for all residents of the Kingdom in coordination with the relevant Government agencies.
- Participating in national campaigns to provide seasonal vaccination services, as the Company has provided seasonal influenza vaccination services for several years.

It is also worth noting that the Company was able to achieve leadership in providing items and medicines that were not available in community pharmacies in the past, as community pharmacies played a pivotal role in providing therapeutic groups with their various commercial names, making them on the list and proposing their availability in community pharmacies. In addition, the Company provided pharmaceutical services that were not provided in community pharmacies previously, as the Company's management is working and coordinating to achieve integration between community pharmacies and various official health institutions to form a strategic partnership that enhances participation not only in providing medicines and supplies, but also in exchanging information on inventory levels, consumption, movement of items, and the supply chain through the (RSD) program to achieve drug traceability and security.

The Company also contributes to raising statistics and the movement of therapeutic groups in its pharmacies, which would provide governmental and semi-governmental health agencies with the necessary information to develop plans to reduce chronic diseases, work to reduce their high rates, and intensify campaigns to prevent them. The Company also participates in many initiatives, such as reporting medication errors under the supervision of the Saudi Patient Safety Center and reporting side effects of medications through the (Tayaqad) program under the supervision of the Saudi Food and Drug Authority.

The Company is keen to provide integrated pharmaceutical services to all segments of society, protect society from counterfeit products and exaggerated prices, and take into account that all items that it places in the hands of customers are from the only official source (the agent) approved by government agencies, so that these items are available to customers at the best price. The Company has adopted the slogan (the original product at the lowest price), which the Ministry supports and circulates to community pharmacies, as it has made it one of the requirements for obtaining a license to open a community pharmacy, in addition to placing a sign in a prominent place in the pharmacy on which it is written: (For every medicine there are multiple alternatives that have the same effect and at varying prices).

It is also worth noting that the Company's electronic pharmacy played an important role during the (Covid-19) pandemic, which made AlMujtama pharmacies one of the few community pharmacies approved to dispense preventive medications, sterilizers, and masks. The electronic pharmacy also developed its activity in the field of patient service, providing drug information, directing customers in the event of a medication interruption, and finding alternatives, which led to the adoption of many of the Company's pharmacy branches as reference pharmacies by the Company's semi-governmental client, who operates and manages the «Wasfaty» program and is considered one of the representatives of the Company. Ministry of Health and the public health sector.



(4)

Ownership Structure and Organization Structure

4. Ownersip Structure and Organization Structure

4-1 Company's ownership structure before listing

The Company's current capital is (SAR 95,000,000) ninety-five million Saudi Riyals divided into (9,500,000) nine million five hundred thousand fully paid ordinary shares at a nominal value of (10) ten Saudi Riyals per share. The following table shows the ownership structure of the Company's current shareholders before listing:

Table 34: Company ownership structure before listing

	Shareholders	Shareholder Name	Nominal value of shares (SR)	Direct ownership Percentage	Indirect Ownership Percentage*
1	Omar Yusuf Yuldash Khoja	3,637,784	36,377,840	38.29%	-
2	Khabeer Althaniah Investment Company	630,673	6,306,730	6.64%	-
3	Yousef Omar Yousef Khoja	344,861	3,448,610	3.63%	-
4	Abdulaziz Omar Yousef Khoja	205,697	2,056,970	2.17%	-
5	Ahmed Saud Hamza Ghouth	60,065	600,650	0.63%	-
6	Hisham Omar Ali Baroom	60,065	600,650	0.63%	-
	Public (97 Shareholders)*	4,560,855	45,608,550	48.01%	0.46%
	Total	9,500,000	95,000,000	100.00%	0.46%

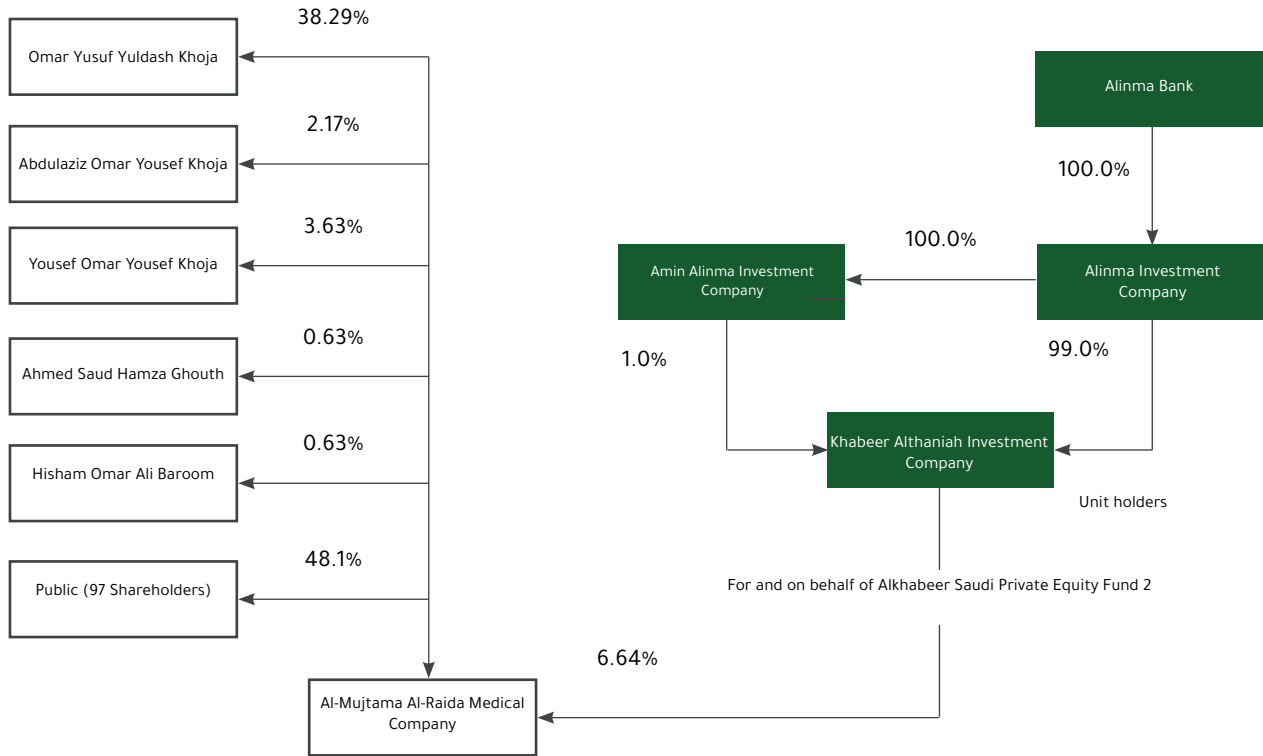
Source: Al-Mujtama Al-Raida Medical Company

* Indirect ownership by the public is represented by the ownership of one of the public shareholders (Mr. Mahmoud Mohammed Ibrahim Nashar) at 73.00% of the shares of (Mahmoud Nashar & Partners- Nashar Trading (Ltd.)), which owns 0.63% of the shares of the Al-Mujtama Al-Raida Medical Company.

Note: Percentages are rounded.

The following chart shows the Company's ownership structure as of the date of this Document:

Figure (1): The Company's ownership structure as of this Document date



Source: Al-Mujtama Al-Raida Medical Company

4-2 Substantial Shareholders who own directly 5% or more of the Company Shares

The Company has two (2) Substantial Shareholders who directly own 5% or more of the Company's shares as of the date of this Document. The following table shows the number of their shares and their ownership percentages before listing:

Table 35 : Substantial Shareholders who own directly 5% or more of the Company shares

Substantial Shareholders	Shareholder Name	Nominal value of shares (SR)	Direct ownership Percentage	Indirect Ownership Percentage*
Omar Yusuf Yuldash Khoja	3,637,784	36,377,840	38.29%	-
Khabeer Althaniah Investment Company	630,673	6,306,730	6.64%	-
Total	4,268,457	42,684,570	44.93%	-

Source: Al-Mujtama Al-Raida Medical Company

4-3 Substantial Shareholders who own indirectly 5% or more of the Company Shares

The Company has one (1) Substantial Shareholder who indirectly owns 5% or more of the Company's shares as of the date of this Document. The following table shows the number of their shares and their ownership percentages before listing:

Table 36 : Substantial Shareholders who own indirectly 5% or more of the Company Shares

Substantial Shareholders	Shareholder Name	Nominal value of shares (SR)	Direct ownership Percentage	Indirect Ownership Percentage*
Alinma Investment Company	-	-	-	6.5736%
Total	-	-	-	6.5736%

Source: Al-Mujtama Al-Raida Medical Company

* The indirect ownership percentage of Alinma Investment Company is 6.5736% of the Company's shares, which results from its direct ownership of 99.0000% in Khabeer Althaniah Investment Company, which owns 6.6400% of the shares of the Al-Mujtama Al-Raida Medical Company. It is worth noting that Khabeer Althaniah Investment Company is a special purpose company used in the legal structure of Alkhabeer Saudi Private Equity Fund 2, which is managed by Alkhabeer Capital Company, which owns shares in the Company for and on behalf of the Fund (please see Section No. (4-4-1) «**Khabeer Althaniah Investment Company**» from this Document).

Note: Percentages are rounded.

4-4 Shareholding Company in Al-Mujtama Al-Raida Medical Company

4-4-1 Khabeer Althaniah Investment Company

Khabeer Althaniah Investment Company is a limited liability company under Commercial Registration No. (1010758825) issued from Riyadh on 13/04/1443H (corresponding to 18/11/2021G). The main headquarters of Khabeer Althaniah Investment Company is located in the city of Riyadh. Its capital is (SAR 5,000) five thousand Saudi riyals divided into (500) five hundred shares of equal value, with a nominal value of (10) ten Saudi riyals per share. Its purposes, according to its articles of incorporation, are as follows:

- Financial and insurance activities.

Representation of Alkhabeer Saudi Private Equity Fund 2: As investment funds do not have an independent legal entity, Khabeer Althaniah Investment Company is a special purpose vehicle used in the legal structure of Alkhabeer Saudi Private Equity Fund 2 (referred to as the «Fund») which is managed by Alkhabeer Capital, in which Alinma Investment Company acts as a custodian. Accordingly, Khabeer Althaniah Investment Company owns shares in the Company for and on behalf of the Fund, amounting to (630,673) six hundred and thirty thousand six hundred and seventy-three ordinary shares, representing 6.64% of the Company's total shares, as of the date of this Document.

Khabeer Althaniah Investment Company does not carry out any business competing with the Company's business, nor does it have any operating revenues, as it does not carry out any operational activity due to its nature, and its primary goal is to represent the Fund.

Based on the legal description and nature of investment funds stipulated in Article (39) of the Capital Market Law that applies to the Fund, Alkhabeer Saudi Private Equity Fund 2 is considered a joint investment program that aims to provide opportunities for its investors to participate collectively in the profits of the program and is managed by the fund manager, Alkhabeer Capital Company. The legal effects of this relationship are considered limited to the fund manager and its unit owners, and do not apply to the Company or its shareholders, and the fund manager alone represents the Fund's interests in the Company.

Rights of unitholders in the Fund: Unit holders in the Fund are considered owners of the net assets of the Fund, and may not exercise any right stipulated by the Companies Law, the Capital Market Law and the regulations issued pursuant thereto, or the Company's Articles of Association, including the right to vote or any rights granted to the Company's shareholders. The Fund also does not interfere in the management of the Company's daily operations, as its role is limited to introducing strategic and operational developments and raising the level of its governance, through the participation of representatives of the Fund Manager in the Company's Board of Directors and relevant committees.

The following table shows the ownership structure of Khabeer Althaniah Investment Company:

Table 37: Ownership structure of Khabeer Althaniah Investment Company

Partners	Number of shares	Nominal value of each share	Nominal value of the shares (SAR)	Ownership percentage
1 Alinma Investment Company	495	10	4,950	99.00%
2 Amin Alinma Investment Company	5	10	50	1.00%
Total	500		5,000	100.00%

Source: Al-Mujtama Al-Raida Medical Company

Alinma Investment Company

Alinma Investment Company is a closed Saudi joint stock company under Commercial Registration No. (1010269764) issued from the city of Riyadh on 23/06/1430H (corresponding to 16/06/2009G). It is a company licensed by the Saudi Capital Market Authority under License No. (37-09134) issued on 23/04/1430H (corresponding to 19/04/2009G).

The main headquarters of Alinma Investment Company is located in Riyadh. Its capital amounts to (SAR 1,000,000,000) one billion Saudi riyals, divided into (100,000,000) one hundred million ordinary shares of equal value, with a nominal value of (SAR 10) ten Saudi Riyals per share. It carries out investment fund management activities, managing client portfolios, underwriting, dealing as a principal, dealing as an agent, management, arranging, advising, and custody in securities business. It is considered the investment arm of Alinma Bank and is wholly owned by it.

Alinma Investment Company plays the role of custodian for Alkhabeer Saudi Private Equity Fund 2, which is managed by Alkhabeer Capital Company, in accordance with the custodian services agreement concluded between them on 14/03/1443H (corresponding to 20/10/2021G). The Fund's private placement memorandum, the custodian services agreement, or any other agreement related to the Fund did not state anything that may affect the decision of potential investors to invest in the Company.

Amin Alinma Investment Company

Amin Alinma Investment Company is a single person company with limited liability under Commercial Registration No. (1010896788) issued from Riyadh on 30/11/1438H (corresponding to 22/08/2017G). It is a special purpose company that carries out custody business and activities and is wholly owned by Alinma Investment Company.

The head office of Amin Alinma Investment Company is located in the city of Riyadh. Its capital is (SAR 5,000) five thousand Saudi Riyals, divided into (1,000) thousand shares of equal value. The nominal value of each share is (SAR 5) five Saudi Riyals.

4-5 Alkhabeer Capital Company - Manager of Alkhabeer Saudi Private Equity Fund 2

Alkhabeer Capital Company is a mixed closed joint stock company under Commercial Registration No. (4030177445) dated 14/03/1429H (corresponding to 22/03/2008G), and it is licensed by the Capital Market Authority (License No. 07074-37), dated 19/06/1428H. (corresponding to 04/07/2007G). Alkhabeer Capital is headquartered in Jeddah, and it is licensed by the Capital Market Authority for the following activities: arranging and custody in securities business, dealing, managing investments, operating funds, and providing advice.

Alkhabeer Capital is an asset management company specializing in investments and financial services. It provides innovative global investment products and solutions to institutions, family businesses and qualified high-net-worth individual investors, in addition to investment portfolio management services and comprehensive wealth management advisory services. Alkhabeer Capital has established a number of investment funds in the real estate, education, healthcare, manufacturing and retail sectors.

Alkhabeer Saudi Private Equity Fund 2

Alkhabeer Saudi Private Equity Fund 2, referred to as the «Fund», is a closed-end investment fund that is privately offered, established in accordance with the laws and regulations of the Capital Market Authority in the Kingdom of Saudi Arabia, and compatible with Islamic Sharia regulations. Following is a summary of the main information related to the Fund:

Fund Manager: Alkhabeer Capital Company.

Fund start date and duration: The fund was started on 01/12/2021G for a period of five (5) Gregorian years starting from the start date, with the option to extend twice for a period of one year each time at the discretion

of the fund manager, provided that the approval of the fund's board of directors is obtained. The fund manager must inform the Capital Market Authority and unit holders of any extension.

Investment Objective: The Fund aims to achieve long-term capital appreciation and, as applicable, current income through the acquisition of shares in one or more companies operating in the Kingdom of Saudi Arabia.

Exit policy: The fund manager intends to choose the most appropriate investment exit strategy to achieve the maximum benefit for the fund, by listing on an open stock market, including the main market or the Parallel Market.

Fund representatives in the Company:

- Mr. Hisham Omar Ali Baroum, Deputy Chairman of the Company's Board of Directors, holds the position of a member of the Fund's Board of Directors, and is Deputy CEO of Alkhabeer Capital (Fund Manager).
- Mr. Hafez Farouk Suleiman Al-Atawneh, a member of the Audit Committee, holds the position of Head of the Private Equity Department at Alkhabeer Capital (Fund Manager).

Fund Board of Directors: The Board of Directors of Alkhabeer Saudi Private Equity Fund 2 consists of three members, and the following table shows their direct and indirect ownership in the company

Table 38: Direct and indirect ownership of members of the Board of Directors of the Alkhabeer Saudi Private Equity Fund 2

	Partners	No. of Shares	Direct Ownership (%)	Indirect Ownership (%)
1	Ahmed Saud Ghouth	60,065	0.63%	-
2	Hisham Omar Baroom	60,065	0.63%	-
3	Mohammed Ahmed Baroom	30,032	0.32%	-

Source: Al-Mujtama Al-Raida Medical Company

Note: Percentages are rounded.

Otherwise, no member of the Board of Directors of Alkhabeer Saudi Private Equity Fund 2 has any direct or indirect legal ownership in the Company.

The following table shows the direct and indirect ownership in the company by members of the Board of Directors of Alkhabeer Capital Company:

Table 39: Direct and indirect ownership of members of the Board of Directors of Alkhabeer Capital Company

	Partners	No. of Shares	Direct Ownership (%)	Indirect Ownership (%)
1	Ammar Ahmed Shata	-	-	-
2	Musaed to Mohammed Al-Drees	-	-	-
3	Saeed Mohammed bin Zaqr	-	-	-
4	Muhannad Haider bin Laden	30,032	0.32%	-
5	Samer Sami Al-Solh	-	-	-
6	Issam Zaid Al-Tawari	-	-	-
7	Mohammed Abdel Rahman Moumina	-	-	-
8	Lama Abdulaziz Al Suleiman	-	-	-
9	Ahmed Saud Ghouth	60,065	0.63%	-

Source: Al-Mujtama Al-Raida Medical Company

Note: Percentages are rounded.

Otherwise, no member of the Board of Directors of Alkhabeer Capital Company has any direct or indirect legal ownership in the Company.

The following table shows unitholders in Alkhabeer Saudi Private Equity Fund 2 who own 5% or more of the Company's shares directly or indirectly:

Table 40: Unitholders in Alkhabeer Saudi Private Equity Fund 2 who own 5% or more of the Company's shares directly or indirectly

Substantial Shareholders	Shareholder Name	Nominal value of shares	Direct ownership Percentage	Percentage of indirect beneficial ownership in the Company through the Fund*
	Alkhabeer Capital Company	-	-	6.00%
Total		-	-	6.00%

Source: Al-Mujtama Al-Raida Medical Company

* Since Alkhabeer Althaniah Investment Company owns shares in the Company at a rate of 6.64% for and on behalf of the Fund, the indirect beneficial ownership of Alkhabeer Capital Company at a rate of 6.00% in the Company results from its ownership in the Fund's units.

Note: Percentages are rounded.

Other than Alkhabeer Capital's indirect beneficial ownership in the Company, there are no unitholders in Alkhabeer Saudi Private Equity Fund 2 who own 5% or more of the Company's shares, directly or indirectly.

The following table shows the indirect beneficial ownership in the Company by members of the Board of Directors of Alkhabeer Saudi Private Equity Fund 2:

Table 41: Indirect beneficial ownership in the Company by members of the Board of Directors of the Alkhabeer Saudi Private Equity Fund 2.

Name	Ownership in Alkhabeer Capital Company			Percentage of indirect beneficial ownership in the Company through the Fund*
	No. of Shares	Direct Ownership (%)	Indirect Ownership (%)	
1 Ahmed Saud Ghouth	269,385	0.30%	-	0.02%
2 Baroom	-	-	-	-
3 Mohammed Ahmed Baroom	-	-	-	-

Source: Al-Mujtama Al-Raida Medical Company

* The indirect beneficial ownership in the Company resulted from the members of the Board of Directors of Alkhabeer Capital Company through their direct and indirect ownership in Alkhabeer Capital Company (the fund manager), which has indirect beneficial ownership in the Company at a rate of 6.00% through its ownership in the fund units.

Note: Percentages are rounded.

Otherwise, no member of the Board of Directors of Alkhabeer Capital Company has any indirect beneficial ownership in the Company.

The following table shows the indirect beneficial ownership in the Company by members of the Board of Directors of Alkhabeer Capital Company:

Table 42: Indirect beneficial ownership in the Company by members of the Board of Directors of Alkhabeer Capital Company

Name	Ownership in Alkhabeer Capital Company			Percentage of indirect beneficial ownership in the Company through the Fund*
	No. of Shares	Direct Ownership (%)	Indirect Ownership (%)	
1 Ammar Ahmed Shata	1,162,257	1.30%	-	0.08%
2 Musaed to Mohammed Al-Drees	1,720,000	1.92%	-	0.12%
3 Saeed Mohammed bin Zaqr	-	-	-	-

4	Muhannad Haider bin Laden	-	-	-	-
5	Samer Sami Al-Solh	-	-	-	-
6	Issam Zaid Al-Tawari	-	-	-	-
7	Mohammed Abdel Rahman Moumina	-	-	-	-
8	Lama Abdulaziz Al Suleiman	-	-	-	-
9	Ahmed Saud Ghouth	269,385	0.30%	-	0.02%

Source: Al-Mujtama Al-Raida Medical Company

* The indirect beneficial ownership in the Company resulted from the members of the Board of Directors of Alkhabeer Capital Company through their direct and indirect ownership in Alkhabeer Capital Company (the fund manager), which has indirect beneficial ownership in the Company at a rate of 6.00% through its ownership in the fund units.

Note: Percentages are rounded.

Otherwise, no member of the Board of Directors of Alkhabeer Capital Company has any indirect beneficial ownership in the Company.

Table 43: Indirect beneficial ownership in the Company for Substantial Shareholders of Alkhabeer Capital Company who own 5% or more of its shares

Name	Ownership in Alkhabeer Capital Company			Percentage of indirect beneficial ownership in the Company through the Fund*
	No. of Shares	Direct Ownership (%)	Indirect Ownership (%)	
1 Bakr Mohammed Awad bin Laden	14,025,000	15.68%	-	0.94%
2 Sara Trading Holding Company	9,350,000	10.45%	-	0.63%
3 Abdullah and Saeed Mohammed Obaid Bin Zagr Company Limited	6,875,000	7.69%	-	0.46%

Source: Al-Mujtama Al-Raida Medical Company

* The indirect beneficial ownership in the Company resulted from the members of the Board of Directors of Alkhabeer Capital Company through their direct and indirect ownership in Alkhabeer Capital Company (the fund manager), which has indirect beneficial ownership in the Company at a rate of 6.00% through its ownership in the fund units.

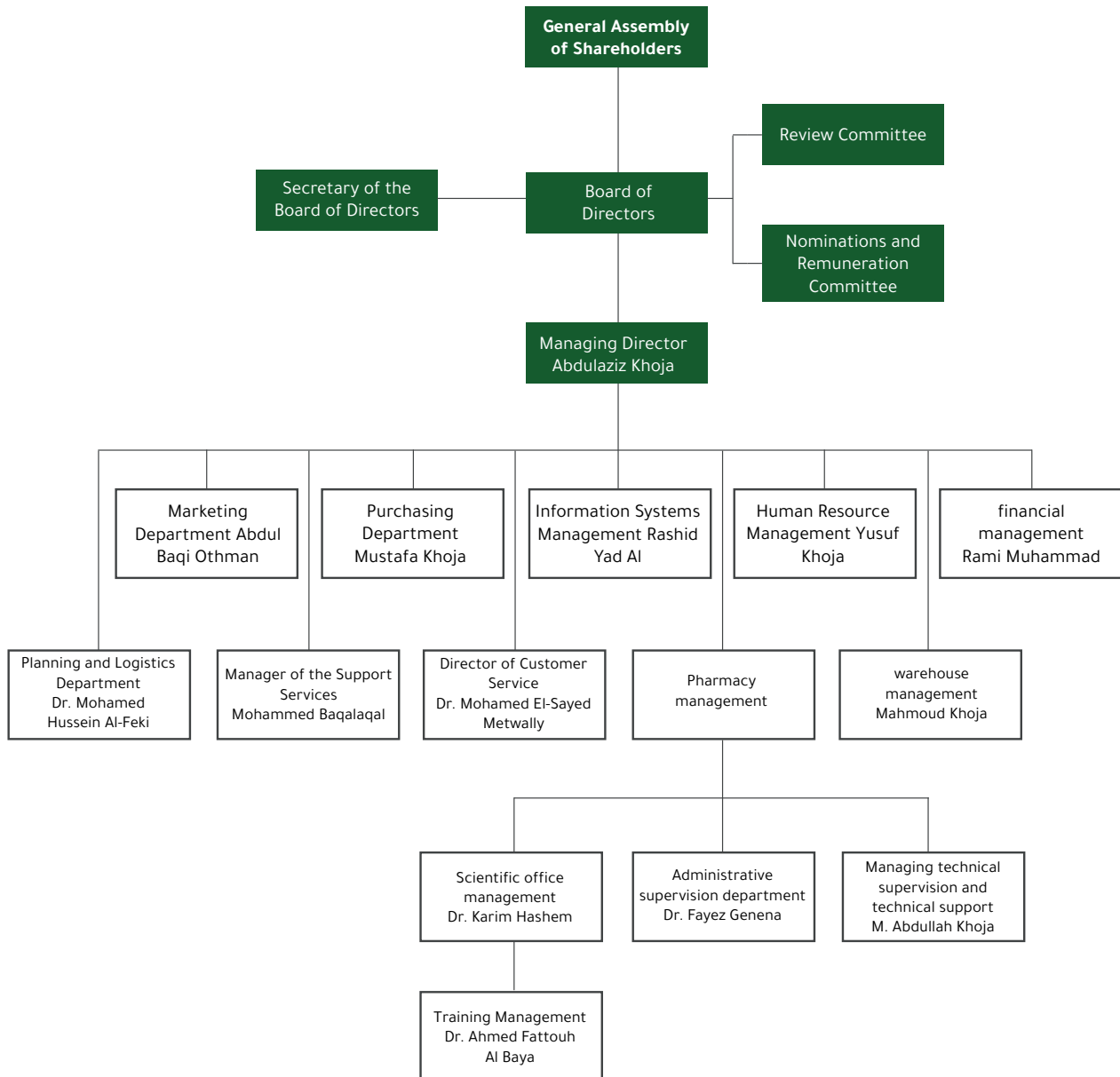
Note: Percentages are rounded.

Otherwise, no member of the Board of Directors of Alkhabeer Capital Company has any indirect beneficial ownership in the Company.

4-6 Organization Structure of the Company

The following figure shows the organizational structure of Al-Mujtama Al-Raida Medical Company:

Figure (2): The Company's organizational structure



Source: Al-Mujtama Al-Raida Medical Company

4-7 Members of the Board of Directors

Al-Mujtama Al-Raida Medical Company is managed by a board of directors consisting of (5) five members elected by the ordinary general assembly of shareholders. The term of membership of the company's first board of directors began from the date of issuance of the ministerial decision announcing the transformation of the company into a closed joint stock company. The members of the Board of Directors were appointed by the company's General Assembly, which was held on 03/01/1444H (corresponding to 01/08/2022G) for a period of (5) five years ended on 27/02/1449H (corresponding to 31/07/2027G). Then, the term of membership of the Board of Directors was later amended to become (4) four years from the date of appointing the Board, after updating the company's articles of association approved by the Ministry of Commerce on 11/02/1445H (corresponding to 27/08/2023G), in order to harmonize with the provisions of the new Companies Law issued by the Royal Decree (M/132) dated 01/12/1443H (corresponding to 30/06/2022G); Members of the Board of Directors may be re-elected. The Board of Directors convene at least (4) four times annually.

4-7-1 Responsibilities of the Chairman of the Board of Directors, Deputy Chairman of the Board of Directors and Managing Director

The most important responsibilities of the Chairman of the Board of Directors and his deputy:

- The Chairman of the Board of Directors represents the company before the judiciary, arbitration bodies, and third parties. The Chairman of the Board may, by written decision, delegate some of his powers to others members of the Board or to third parties, in carrying out specific work or works.
- The Deputy Chairman of the Board of Directors replaces the Chairman of the Board of Directors in his absence.
- Without prejudice to the powers of the Board of Directors, the Chairman of the Board of Directors assumes leadership of the Board, supervises the conduct of its work, and effectively performs his powers.
- The Chairman of the Company's Board of Directors must sign the company's financial statements, the report on its activity and financial position for the past fiscal year and the proposed method for distributing profits. Copies thereof shall be deposited at the company's main office at the disposal of the shareholders at least ten days before the date set for the General Assembly to be held.
- The Chairman of the Board of Directors must provide shareholders with the company's financial statements, the Board of Directors' report, and the auditor's report, unless they are published in a daily newspaper distributed at the company's main office. He must also send a copy of these documents to the Ministry and the Authority at least fifteen days before the date of the General Assembly.

The most important responsibilities and powers of the Managing Director:

- Checking with government agencies, the notary public, the courts, the committee for settling securities disputes, dispute resolution committees of all types, arbitration bodies, labor offices of all levels, the Ministry of Trade and Investment, the recruitment office, all executive and administrative agencies, government agencies, civil rights, police departments, chambers of commerce and industry, private bodies, companies and institutions of all kinds. Issuing legal powers of attorney, appointing and dismissing agents and lawyers.
- Signing all types of contracts, instruments and papers, including but not limited to, articles of incorporation of companies that the company establishes or participates in, with all their amendments and appendices, converting branches into companies, opening new branches, the right to merge and integrate into other companies, raising and decreasing capital in the companies in which it participates, attended assemblies in the companies in which the company participates, signing investment contracts inside and outside the Kingdom, agreements and instruments, clearing them before notaries and official bodies, loan agreements with government financing funds and institutions, banks, financial houses, guarantees and mortgages, and redeeming them, collecting the company's rights and paying its obligations.

- Buying and selling, including land and real estate, transferring, accepting, receiving, delivering, leasing, renting, receiving, paying, and all actions related to real estate that belong to the company or its subsidiaries.
- Entering into tenders and withdrawing from them, and they have the right to collect rights and extracts and enter into all types of negotiations on behalf of the company.
- Opening and closing accounts, credits, guarantees, credit accounts, safe deposit funds, withdrawing and depositing with local and foreign banks, issuing bonds, checks and all commercial papers, creating and managing the company's portfolios and investment accounts for stocks, bonds, instruments, securities, currencies and metals in the local and international market and in banks and investment companies, local and international, and representing the company in all financial and banking transactions at the local and international levels.
- Evaluating officials, managers, employees and workers, contracting with them, determining their salaries, dismissing them from service, requesting their deportation, requesting visas, bringing in employees and workers from abroad, obtaining residency and work permits, and transferring and waiving sponsorships.
- The managing director may delegate and authorize powers to others within the limits of his jurisdiction, or to take a specific action or conduct, or to carry out specific actions. He has the right to revoke the delegation or power of attorney, partially or completely.

The most important responsibilities of Board members:

Each member of the Board of Directors - through his membership in the Board of Directors - must perform the following tasks and duties:

- Be aware of his duties, roles and responsibilities resulting from membership.
- Developing his knowledge in the field of the company's activities and business and in the relevant financial, commercial and industrial fields.
- Acting based on complete information, in good faith, and with the necessary care and attention, for the benefit of the company and all shareholders.
- Commitment to the principles of truthfulness, honesty, loyalty, care, and concern for the interests of the company and shareholders and prioritizing them over his personal interests. This includes, in particular, honesty, loyalty, care, and concern.
- Allocate sufficient time to carry out his responsibilities, prepare for and participate effectively in the meetings of the Board of Directors and its committees, including asking relevant questions and discussion with senior executives in the company.
- Providing proposals to develop the company's strategy, participating in setting goals and policies, and supervising their implementation.
- Monitoring the performance of executive management and the extent to which it achieves the company's goals, strategies and objectives.
- Reviewing reports on the company's performance.
- Verifying the correctness and integrity of the company's financial statements and information.
- Verifying that the company's financial control and risk management systems are strong.
- Determine the appropriate levels of remuneration for members of executive management.
- Expressing an opinion on the appointment and dismissal of members of the executive management, and reviewing the succession and replacement plan for the company's executive positions.
- Full compliance with the provisions of the Companies Law, the Capital Market Law, their implementing regulations, the relevant regulations, and the company's bylaws when exercising the duties of his membership in the Board, and refraining from performing or participating in any action that constitutes an abuse of the management of the company's affairs.

- Attended meetings of the Board of Directors and the General Assembly and not being absent from them except for a legitimate excuse notified to the Chairman of the Board in advance, or for emergency reasons.
- Study and analyze information relevant to the issues considered by the Board of Directors before expressing an opinion on them.
- Enabling other members of the Board of Directors to express their opinions freely, and urging the Board to discuss issues and seek the opinions of specialists from members of the company's executive management and others if the need arises.
- Informing the Board of Directors fully and immediately of any interest it has- whether direct or indirect- in the business and contracts carried out on behalf of the company, and that such reporting should include the nature of that interest, its limits, the names of any persons concerned with it, and the benefit expected to be obtained, directly or indirectly from that interest, whether financial or non-financial. That member must not participate in voting on any decision issued in that regard, in accordance with the provisions of the Companies Law and the Financial Market Law and their implementing regulations.
- Completely and immediately inform the Board of Directors of his participation- directly or indirectly- in any business that would compete with the company, or of his competition with the company- directly or indirectly- in one of the branches of activity that it practices, in accordance with the provisions of the Companies law, the financial market system and their implementing regulations
- Not to disclose or divulge any secrets that he has learned through his membership in the Board to any of the company's shareholders - unless this is during the General Assembly meetings - or to others, in accordance with what is required by the provisions of the Companies Law and the Financial Market System and their implementing regulations.
- Resigning from membership in the Board of Directors in the event that he is unable to fully fulfill his duties on the Board

4-7-2 Responsibilities of the Board of Directors

Taking into account the powers assigned to the General Assembly, the Board of Directors shall have the broadest powers and authorities in managing the company and supervising the management and implementation of its business and management of its affairs. The role of the company's board of directors, in brief, is to set general strategies, policies, main plans, and financial objectives for the company's business, appoint the company's executive directors, approve all financial reserves and budgets, and manage and supervise everything related to the company's governance. In addition, the Board of Directors protects the interests of shareholders by ensuring full compliance with all applicable laws and regulations in the Kingdom in accordance with the articles of association and the company's governance system.

The following table shows the members of the company's board of directors:

Table 44: Members of the Board of Directors

Name	Position	Position and Independence	Nationality	Age	Number of shares owned directly	Direct Ownership (%)	Number of shares owned indirectly	Indirect Ownership (%)	Date of Appointment
Omar Yusuf Yuldash Khoja	Chairman	Non-executive/ non-independent	Saudi	68	3,637,784	38.29%	-	-	03/01/1444H (corresponding to 01/08/2022 G)
Hisham Omar Ali Baroom	Deputy Chairman	Non-executive/ non-independent	Saudi	52	60,065	0.63%	-	-	03/01/1444H (corresponding to 01/08/2022 G)
Abdulaziz Omar Yousef Khoja	Member of the Board of Directors and Managing Director	Executive/non-independent	Saudi	43	205,697	2.17%	-	-	03/01/1444H (corresponding to 01/08/2022 G)
Yousef Omar Yousef Khoja	Member	Executive/non-independent	Saudi	41	344,861	3.63%	-	-	03/01/1444H (corresponding to 01/08/2022 G)
Ahmed Abdel-Ilah Mohammed Ali Maghribi	Member	Non-executive/ independent	Saudi	54	-	-	-	-	03/01/1444H (corresponding to 01/08/2022 G)

Source: Al-Mujtama Al-Raida Medical Company

- The members of the Board of Directors which are (5) five members were appointed by the Company's Transformational Assembly, which was held on 03/01/1444H (corresponding to 01/08/2022G) for a period of (5) five years ended on 27/02/1449H (corresponding to 31/07/2027G). Then, the term of membership of the Board of Directors was later amended to become (4) four years from the date of appointing the Board, after updating the Company's Articles of Association approved by the Ministry of Commerce on 11/02/1445H (corresponding to 27/08/2023G), in order to harmonize with the provisions of the new Companies Law issued by Royal Decree (M/132) dated 01/12/1443H (corresponding to 30/06/2022G).
- The Corporate Governance Regulations issued by the Capital Market Authority were relied on in determining the symptoms of independence for members of the Board of Directors. The symptoms of independence for members of the Company's Board of Directors are as follows:
 - He must own or have an interest in five percent or more of the Company's shares or the shares of another company from its group, or have a kinship relationship with a person who owns this percentage.
 - He works or was an employee during the past two years with the company.

Note: Percentages are rounded.

The following is a summary of the biographies of the members of the Board of Directors:

Table 45: Biography of the Chairman of the Board of Directors

Name:	Omar bin Yusuf Yuldash Khoja	Position:	Chairman of the Board of Directors
Age:	68 years	Year of Appointment:	2022G
		Nationality:	Saudi
Academic qualifications	<ul style="list-style-type: none"> He holds the British Business and Technology Council's National Certificate in Pharmaceutical Sciences from Kingsway College in the United Kingdom in 1985G. 		
Practical experiences:	<ul style="list-style-type: none"> Partner/founding shareholder in the leading community medical company - a closed joint stock company - in Jeddah since 2022G. Director of the pharmaceutical warehouse at the Arab Pharmaceuticals and Medical Preparations Company (Safad) - a limited liability company - in Jeddah from 1994G to 2019G. Pharmacy Officer at the International Hospitals Group (IHG) in Jeddah from 1985G to 1994G. 		
Memberships on other boards of directors	None		

Source: Al-Mujtama Al-Raida Medical Company

Table 46: Biography of the Deputy Chairman of the Board of Directors

Name:	Hisham bin Omar Ali Baroom	Position:	Deputy Chairman of the Board of Directors
Age:	52 years	Year of Appointment:	2022G
		Nationality:	Saudi
Academic qualifications	<ul style="list-style-type: none"> He obtained the General Certificate of Capital Market Exam «CME-1» from the Saudi Capital Market Authority in 2008G. He holds a diploma in the financial field from the Arab Academy for Administrative, Financial and Banking Sciences in Jordan in 2001G. He holds a bachelor's degree in accounting from King Abdulaziz University in Jeddah in 1995G.. 		
Practical Experience	<ul style="list-style-type: none"> Executive Vice President at Alkhabeer Financial Company - a mixed closed joint stock company - in Jeddah since 2016G. Head of the Business Development and Offering Sector at Alkhabeer Financial Company- a mixed closed joint stock company - in Jeddah from 2012G to 2015G. Head of the Business Development and Offering Sector for the Western Region at Al Khabeer Financial Company - a mixed closed joint stock company - in Jeddah during the year 2011G. Senior Vice President of the Business Development and Offering Sector at Alkhabeer Financial Company- a mixed closed joint stock company - in Jeddah from 2008G to 2010G. Executive Vice President of the Elaf Group of Companies- a limited liability company - in Jeddah from 2005G to 2007G. Senior Investment Portfolio Manager at the Saudi National Bank - a public joint stock company - in Jeddah from 2002G to 2005G. Portfolio Manager at the Saudi National Bank - a public joint stock company - in Jeddah from 1999G to 2001G. Senior financial analyst at the Saudi National Bank - a public joint stock company - in Jeddah from 1997G to 1998G. Accounting official at Bank Al Jazira - a public joint stock company - in Jeddah from 1996G to 1997G. 		

Name:	Hisham bin Omar Ali Baroom	Position:	Deputy Chairman of the Board of Directors
Memberships on other boards of directors	<ul style="list-style-type: none"> Memberships in other boards of directors - Member of the Board of Directors of Saudi Innova Healthcare Company - a Saudi closed joint stock company - since 2022G. Member of the Board of Directors at Al-Jawad Plastic and Flexible Packaging Factory Company Limited - a limited liability company - since 2021G. Member of the Board of Directors at Alkhabeer Diversified Income Traded Fund (a closed-end fund affiliated with Alkhabeer Capital) since 2020G. Member of the Board of Directors of Alkhabeer Private Equity Educational Fund 5 (a closed-end fund affiliated with Alkhabeer Capital) since 2020G. Member of the Board of Directors of Alkhabeer Private Equity Educational Fund 6 (a closed-end fund affiliated with Alkhabeer Capital) since 2020G. Member of the Board of Directors of Alkhabeer Private Equity Educational Fund 7 (a closed-end fund affiliated with Alkhabeer Capital) since 2020G. Member of the Board of Directors of the Integrated Development Company for Education and Training - a closed joint stock company - since 2019G. Member of the Board of Directors at Capital School - a limited liability company - since 2019G. Member of the Board of Directors of Alkhabeer Industrial Private Equity Company Limited 3 (a closed investment company in the Cayman Islands affiliated with Alkhabeer Financial Company) since 2019G. Member of the Board of Directors of Alkhabeer Private Equity Educational Fund 4 (a closed-end fund affiliated with Alkhabeer Capital) since 2019G. Member of the Board of Directors of Alkhabeer Gulf Investment Opportunities Company Limited (a closed investment company in the Cayman Islands affiliated with Alkhabeer Financial Company) since 2018G. Member of the Board of Directors of Alkhabeer Private Equity Educational Fund 2 (a closed-end fund affiliated with Alkhabeer Capital) since 2018G. Member of the Board of Directors of Alkhabeer Private Equity Educational Fund 3 (a closed-end fund affiliated with Alkhabeer Capital) since 2018G. Member of the Board of Directors of Alkhabeer REIT Fund (a closed-end fund affiliated with Alkhabeer Financial Company) since 2018G. Member of the Board of Directors of Alkhabeer Real Estate Investment Opportunities Fund 2 (a closed-end fund affiliated with Alkhabeer Capital) since 2017G. Member of the Board of Directors of Alkhabeer Hospitality Fund 1 (a closed-ended fund affiliated with Alkhabeer Capital) since 2016G. Member of the Investment Committee at Alkhabeer Financial Company - a closed joint stock company - in Jeddah since 2016G. 		

Source: Al-Mujtama Al-Raida Medical Company

Table 47: Biography of the Managing Director of the Board of Directors

Name:	Abdulaziz bin Omar Yusuf Khoja		Position:	Member of the Board of Directors and Managing Director
Age:	43 years	Year of Appointment:	2022G	Nationality: Saudi
Academic qualifications	<ul style="list-style-type: none"> He holds a professional classification certificate for pharmaceutical sciences from the Saudi Commission for Health Specialties in Jeddah in 2005G. He holds a Bachelor's degree in Pharmaceutical Sciences from King Saud University in Riyadh in 2005G 			
Practical experiences:	<ul style="list-style-type: none"> Managing Director of Al-Mujtama Al-Raida Medical Company - a closed joint stock company - in Jeddah since 2022G. Executive Director of Al-Mujtama Al-Raida Medical Company - a limited liability company - in Jeddah from 2019G until 2022G. 			
Memberships on other boards of directors	None			

Source: Al-Mujtama Al-Raida Medical Company

Table 48: Biography of a member of the Board of Directors

Name:	Yusuf bin Omar Yusuf Khoja	Position:	Member of the Board of Directors
Age:	41 years	Year of Appointment:	2022G
		Nationality:	Saudi
Academic qualifications	<ul style="list-style-type: none"> • He holds a certificate in arbitration law from the Al-Moor Training Center in Jeddah in 2012G • He holds a certificate in the Saudi labor and workmen law from the Al-Moor Training Center in Jeddah in 2012G • He holds an inventory management certificate from the American University in Cairo in 2011G • He obtained a certificate in the provisions of the work system from the Mawakeb Training Center in 2011G • He holds a Bachelor's degree in Business Administration from King Abdulaziz University in Jeddah in 2008G • h in 2005G 		
Practical experiences:	<ul style="list-style-type: none"> • Human Resources Director at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - in Jeddah since 2019 • Director of Human Resources at AlMujtama Alhadithah Pharmacy Establishment - an individual institution - in Jeddah from 2005G to 2019G. 		
Memberships on other boards of directors	None		

Source: Al-Mujtama Al-Raida Medical Company

Table 49: Biography of a member of the Board of Directors

Name:	Ahmed Abdul-Ilah Mohammed Ali Maghribi	Position:	Member of the Board of Directors
Age:	54 years	Year of Appointment:	2022G
		Nationality:	Saudi
Academic qualifications	<ul style="list-style-type: none"> • He holds a certificate in using data to improve pricing performance from the Massachusetts Institute of America in 2020G • He holds a certificate in the art of successful negotiation from Harvard Law School in the United States of America in 2016G • He holds a diploma in hotel management from Northern Virginia Community College in the United States of America in 1996G • He holds a bachelor's degree in management information systems from the American University in Washington in 1994G 		
Practical experiences:	<ul style="list-style-type: none"> • Chairman of Ahmed Abdul-Ilah Maghribi Hotel Group - a limited liability company - in Jeddah since 2018G • General Director of the Abdul-Ilah Mohammed Ali Umrah Services Establishment - an individual institution - in Jeddah since 2018G. • General Director of the Abdul-Ilah Mohammed Ali Land Transport Corporation - an individual institution - in Jeddah since 2003G. • Deputy Director General of the Abdul-Ilah Mohammed Ali Trading Establishment for the sale and rental of heavy construction equipment and electrical generators - an individual institution - in Jeddah since 1998G. • Purchasing manager for the Jeddah Le Meridien Hotel project at Mohammed Ali Maghribi and Sons Trading Company - a limited partnership company - in Jeddah from 1996G to 1998G. 		
Memberships on other boards of directors	<ul style="list-style-type: none"> • Independent member of the Board of Directors of Al Khabeer Industrial Private Equity Fund (4) since 2021G. • Independent member of the Board of Directors of Al Khabeer Saudi Private Equity Fund (1) since 2021G. • Independent member of the Board of Directors of Alkhabeer Growth and Traded Income Fund since 2021G • Independent member of the Board of Directors of the Alkhabeer Private Equity Educational Fund (5) since 2020G. • Independent member of the Board of Directors of the Alkhabeer Private Equity Educational Fund (6) since 2020. • Independent member of the Board of Directors of the Alkhabeer Private Equity Educational Fund (7) since 2020G. • Independent member of the Board of Directors of Alkhabeer Diversified Income Traded Fund since 2020G • Independent member of the Board of Directors of the Alkhabeer Private Equity Educational Fund (4) since 2019G • Independent member of the Board of Directors of the Alkhabeer Private Equity Educational Fund (2) since 2018G • Independent member of the Board of Directors of the Alkhabeer Private Equity Educational Fund (3) since 2018G • Independent member of the Board of Directors of Alkhabeer Hospitality Fund (1) since 2016G 		

Source: Al-Mujtama Al-Raida Medical Company

4-7-3 Secretary of the Board of Directors

The Board of Directors decided to appoint Mr. Mohammed Musa Bater Khoja as Secretary of the Board of Directors on 17/01/1444H (corresponding to 15/08/2022G). He is responsible for recording the minutes of the Board of Directors' meetings, recording and archiving the decisions issued by these meetings, in addition to exercising other powers entrusted to him by the Board of Directors. The following is a summary of the responsibilities and tasks of the Secretary of the Board of Directors:

Responsibilities and tasks of the Secretary of the Board of Directors

- Documenting the meetings of the Board of Directors and preparing minutes for them that include the discussions and deliberations that took place, indicating the place, date, start and end times of the meeting, documenting the Board's decisions and voting results and keeping them in a special and organized record, indicating the names of those present and the reservations they expressed, if any, and signing these minutes from all the members present.
- Keeping the reports submitted to the Board of Directors and the reports prepared by the Board.
- Providing the members of the Board of Directors with the Board's meeting agenda, working papers, documents and information related to it, and any additional documents or information requested by any member of the Board of Directors related to the topics included in the meeting agenda.
- Verifying that Board members adhere to the procedures approved by the Board.
- Informing the members of the Board of Directors of the dates of Board meetings, before enough time of their holding.
- Presenting draft minutes to members of the Board of Directors to express their views on them before signing them.
- Verifying that members of the Board of Directors fully and promptly obtain a copy of the minutes of Board meetings and information and documents related to the company.
- Organizing a record of disclosures for members of the Board of Directors and Executive Management.
- Coordinating between members of the Board of Directors and providing assistance and advice to them, in addition to performing any other role assigned by the Chairman of the Board of Directors.

Below is a summary of the biography of the Secretary of the Board of Directors:

Table 50: Biography of the Secretary of the Board of Directors

Name:	Mohammed Musa Bater Khoja			Position:	Secretary of the Board of Directors
Age:	32 years	Year of Appointment:	2022G	Nationality:	Taiwan - China
Academic qualifications	<ul style="list-style-type: none"> • He holds a disclosure certificate from the Financial Academy, in 2022G • He holds a Bachelor's degree in Accounting from King Abdulaziz University in 2014G 				
Practical experiences:	<ul style="list-style-type: none"> • Director of the Accounting Department at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - since 2019G. • Director of the Accounting Department at the Alhadithah Community Foundation - an individual institution - from 2008G to 2019G. 				

Source: Al-Mujtama Al-Raida Medical Company

4-8 Board Committees

The company's policy is to adopt a number of corporate governance standards, including separating the responsibilities and tasks of the Board of Directors and Executive Management, and policies that ensure the work of the Company's Board of Directors in a way that achieves the interests of shareholders.

4-8-1 Audit Committee

The Audit Committee was formed in accordance with Article (51) of the Corporate Governance Regulations issued by the Capital Market Authority. The Ordinary General Assembly, in its meeting held on 09/03/1444H (corresponding to 06/10/2022G), agreed to form an Audit Committee and determine its tasks, work controls, and remuneration for its members. The term of membership of the Committee coincides with the term of membership of the Board of Directors.

Responsibilities of the Audit Committee:

The Audit Committee is responsible for monitoring the company's business, verifying the correctness and integrity of the reports and financial statements, and its internal control systems and effectiveness. The Audit Committee is responsible for its work before the Board of Directors, so that the Audit Committee may request the Board of Directors to invite the company's General Assembly to convene if the Board of Directors obstructs its work. This does not prejudice to the Board's responsibility for those actions, the powers or authorities it has delegated to the Audit Committee, and the procedures established by the Board of Directors regarding determining the committee's mission, the duration of its work, the powers granted to it, and how it monitors it. The committee must inform the Board of Directors of the results it reaches or what decisions it makes transparently. The committee's tasks include, in particular, the following:

Financial Reports:

- Studying the company's financial statements and expressing its opinion before presenting them to the Board of Directors and expressing its opinion and recommendation regarding them, to ensure their integrity, fairness and transparency.
- Study any important or unusual issues included in the financial reports.
- Carefully examining the issues that may be raised by the company's financial director, whoever assumes his duties, the company's compliance officer, or the auditor.
- Verifying accounting estimates on the fundamental issues contained in the financial reports.
- Study the accounting policies followed in the company and express an opinion and recommendation to the Board of Directors regarding them.
- Expressing a technical opinion - at the request of the Board of Directors - as to whether the Board of Directors' report and the company's financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.

Internal Audit:

- Study internal audit reports and follow up on the implementation of corrective measures in light of the comments contained therein.
- Monitoring and supervising the performance and activities of the internal auditor or the internal audit department in the company, if any, to verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to them. If the company does not have an internal auditor, the committee must submit a recommendation to the Board of Directors regarding the need to appoint him, or appoint a professional company to undertake the duties of the internal auditor.

- Recommended to the Board of Directors to appoint the Director of the Internal Audit Department or the Internal Auditor and proposing his remuneration, or appointing a professional company to undertake the tasks of the Internal Auditor and proposing its fees and scope of work.
- Study and review the company's internal control, financial and risk management systems

External Auditor:

- Recommended to the Board of Directors to nominate auditors, dismiss them, determine their fees, and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.
- Reviewing the company's auditor's plan and work, verifying that he is not submitting technical or administrative work that falls outside the scope of audit work, and expressing an opinion regarding that.
- Answering the company's auditor's inquiries.
- Studying the auditor's report and his notes on the financial statements and following up on what was taken regarding them.

The following table shows the members of the audit committee:

Table 51: Audit Committee members

Name	Position	Capacity
Awad Hammouda Mohammed Al-Rubaie	Chairman of the Audit Committee	non-executive/ independent
Hafez Farouk Suleiman Al-Atawneh	Member of the Audit Committee	non-executive/non-independent
Ahmed Ibrahim Mir Baba Qasim	Member of the Audit Committee	non-executive/ independent

Source: Al-Mujtama Al-Raida Medical Company

Below are the biographies of the members of the Audit committee:

Table 52: Biography of the Chairman of the Audit Committee

Name:	Awad Hammouda Mohammed Al-Rubai		Position:	Chairman of the Audit Committee
Age:	56 years	Year of Appointment:	2022G	Nationality: Saudi
Academic qualifications	<ul style="list-style-type: none"> • He holds a certified compliance officer certificate from the International Research Institute in Jeddah in 2009G • He holds a Certified Market and Operations Risk Analyst certificate from the International Research Institute in the Emirate of Dubai, United Arab Emirates, in 2008G • He holds a certified credit analyst certificate from the International Research Institute in the Emirate of Dubai, United Arab Emirates, in 2007G • He holds a credit basis certificate from the 6 Sigma Institute for Management Consulting in Jeddah in 2005G • He holds a postgraduate diploma in law from the Academy of Science and Technology in Alexandria, the Arab Republic of Egypt, in 1994G • He holds a bachelor's degree obtained from King Abdulaziz University in Jeddah in 1993G 			

Name:	Awad Hammouda Mohammed Al-Rubai	Position:	Chairman of the Audit Committee
Practical experiences:	<ul style="list-style-type: none"> Head of internal audit for the Mohammed Yousef Naghi Group - a closed joint stock company - in Jeddah since 2016G. Head of the Internal Audit Department of Tamweely International Company - a closed joint stock company - from 2014G to 2016G. Acting senior head of the internal audit department and head of banking business review for the National Commercial Bank - a public joint stock company - in Jeddah from 2012G to 2014G. Head of private internal audit and subsidiaries of Bank Al Jazira - a public joint stock company - in Jeddah from 2009G to 2012G. Acting Director of Compliance Department for Alkhabeer Financial Company - a closed joint stock company - in Jeddah from 2008G to 2009G. 		
Memberships on other boards of directors	<ul style="list-style-type: none"> Member of the Audit Committee of the Saudi Al-Amad Company for Airport and Transportation Services - a closed joint stock company - in Jeddah since 2017G. Member of the Audit Committee of Tamweely International Company - a closed joint stock company - in Jeddah since 2016G. 		

Source: Al-Mujtama Al-Raida Medical Company

Table 53: Biography of the Audit Committee member

Name:	Hafez Farouk Suleiman Al-Atawneh	Position:	Member of the Audit Committee and Chairman of the Executive Committee
Age:	45 years	Year of Appointment:	2022G
		Nationality:	Jordanian
Academic qualifications	<ul style="list-style-type: none"> He holds the International Certificate in Wealth and Investment Management «CME-4» from the Saudi Capital Market Authority in 2021G. He holds a bachelor's degree in accounting (specializing in financial management) from Yarmouk University in Jordan in 1999G He obtained a Certified Public Accountant (CPA) certificate from the Board of Accountants in the State of California, USA, in 2005G He obtained the General Certificate for Dealing in Securities «CME-1» from the Saudi Capital Market Authority in 2017G. 		
Practical experiences:	<ul style="list-style-type: none"> Head of the Private Equity Equity Department at Alkhabeer Financial Company - a closed joint stock company - in Jeddah since 2017G. New business manager at The Economic City Emaar Company - a public joint stock company - in Rabigh from 2016G to 2017G. Senior Head at PricewaterhouseCoopers - a limited liability company - in Jeddah from 2009G to 2016G. Senior Manager in the Corporate Acquisitions and Sales Consulting Department at Ernst & Young Saudi Arabia Consulting Limited - a limited liability company - in Jeddah from 2002G to 2009G. Senior auditor at Arthur Andersen Company - a limited liability company - in Jeddah from 2000G to 2002G. 		
Memberships on other boards of directors	<ul style="list-style-type: none"> Chairman of the Executive Committee and member of the Audit Committee at Alef Meem Ya Medical Equipment and Devices Company - a public joint stock company listed on the parallel market «Nomu» - in Jeddah since 2021G. Chairman of the Executive Committee of the Academy City Schools Company - a branch of a closed joint stock company - in Riyadh since 2020G. Chairman of the Executive Committee of Nabua Al-Ma'rifa Company Limited - a branch of a closed joint stock company - in Yanbu since 2019G. Chairman of the Executive Committee of Al-Azizia Education and Training Company - a branch of a closed joint stock company - in Al-Khobar since 2018G. Member of the Executive Committee of the Integrated Development Company for Education and Training - a branch of a closed joint stock company - in Riyadh since 2018G. Chairman of the Executive Committee of Adwaa Al Riyadh Educational Company - a branch of a closed joint stock company - in Riyadh since 2017G. Chairman of the Executive Committee at Rehab Al-Maarifa Private Schools Company - a branch of a closed joint stock company - in Riyadh since 2017G. 		

Source: Al-Mujtama Al-Raida Medical Company

Table 54: Biography of the Audit Committee member

Name:	Ahmed Ibrahim Mir Baba Qasim		Position:	Member of the Audit Committee
Age:	32 years	Year of Appointment:	2022G	Nationality: Saudi
Academic qualifications	<ul style="list-style-type: none"> He holds a bachelor's degree in economics from King Abdulaziz University in Jeddah in 2013.. 			
Practical experiences:	<ul style="list-style-type: none"> Specialized accountant at Saudi Airlines - a public institution - since 2014G. Money exchange officer at Samba Financial Group - a public joint stock company - from 2013G to 2014G. Sales and services banker at Riyadh Bank - a public joint stock company - in 2013G 			
Memberships on other boards of directors	None			

Source: Al-Mujtama Al-Raida Medical Company

4-8-2 Nominations and Remuneration Committee

In its meeting held on 09/03/1444H (corresponding to 06/10/2022G), the Ordinary General Assembly approved the Board of Directors' recommendation to form a nominations and remuneration committee for the company, and determined its tasks, responsibilities, and remuneration for its members. The term of the committee's membership coincides with the term of membership of the Board of Directors.

Responsibilities of the Nominations and Remuneration Committee:

The Nominations and Remuneration Committee is responsible for the following:

- Recommended to the Board of Directors to nominate and re-nominate members in accordance with the approved policies and standards, taking into account not to nominate anyone who has previously been convicted of a crime involving breach of trust, and periodically reviewing the required skill needs for Board membership.
- Preparing a description of the capabilities and qualifications required for membership in the Board of Directors.
- Clarifying the relationship between the remunerations granted and the applicable remuneration policy and clarifying any material deviation from this policy.
- Preparing the remuneration policy for members of the Board of Directors, its subsidiary committees, and the company's executive management, and submitting recommendations regarding it to the Board of Directors, in preparation for its approval by the Ordinary General Assembly.
- Recommended to the Board of Directors the remuneration of its members, subsidiary committees, and the company's executive management, in accordance with the approved policy.
- Determine the incentive system for executive management and employees and approve remunerations in accordance with the policies established by the committee.
- Reviewing the remuneration policy periodically to ensure its suitability to the company's strategy and the changes that may occur in relevant legislation and regulations.
- Determining the time that a member must devote to the work of the Board of Directors.
- Developing job descriptions for executive members, non-executive members, independent members and senior executives.
- Establishing special procedures in the event that the position of a member of the Board of Directors or senior executives becomes vacant.

- The committee will be responsible for researching and proposing candidates for selection as executive, non-executive and independent members of the Board of Directors.
- Verifying on an annual basis the independence of the independent members of the Board and ensuring that there are no signs of independence for the members of the Board of Directors in accordance with the Corporate Governance Regulations issued by the Capital Market Authority.
- Reviewing the structure of the Board of Directors and Executive Management and making recommendations on changes that can be made.
- Identifying the weaknesses and strengths of the Board of Directors and its committees by conducting performance evaluations and proposing solutions to address them in accordance with the company's interests and regulations.

The following table shows the members of the Nominations and Remuneration Committee:

Table 55: Members of the Nominations and Remuneration Committee

Name	Position	Capacity
Ahmed Abdel-Ilah Mohammed Ali Maghrabi	Chairman of the Nominations and Remuneration Committee	Non-executive/Independent
Omar Yusuf Yuldash Khoja,	Member of the Nominations and Remuneration Committee	Non-Executive/Non-Independent
Hisham Omar Ali Baroom	Member of the Nominations and Remuneration Committee	Non-Executive/Non-Independent

Source: Al-Mujtama Al-Raida Medical Company

The biography of the Chairman of the Nominations and Remuneration Committee, Mr. Ahmed Abdel-Ilah Mohammed Ali Maghrabi, and the members of the Nominations and Remuneration Committee, Mr. Omar Yousef Yuldash Khoja and Mr. Hisham Omar Ali Baroum, as stated on Page No. (**), Page No. (**), and Page No. (**) within the biographies of the members of the Board of Directors.

4-9 Executive Management

Al-Mujtama Al-Raida Medical Company has a number of main departments that work to manage and develop the company's business, each according to its role. Each department must implement the duties and tasks that fall under its responsibility to activate the company's overall performance and achieve the company's vision, mission, goals, and strategies in the short and long term. The following table shows the members of the company's executive management:

Table 56: The company's executive management

	Name	Position	Nationality	Age	Date of joining the company	Date of appointment to current position	Number of shares	Direct ownership percentage	Indirect ownership percentage
1	Abdulaziz Omar Khoja	Managing Director,	Saudi	43	2005G	01/08/2022G	205,697	2.17%	-
2	Rami Mamdouh Mohamed,	Financial Director	Egyptian	43	2022G	03/01/2022G	-	-	-
3	Mohamed Hussein Al-Feki	Director of the Planning and Logistics Department	Egyptian	36	2014G	01/01/2023G	-	-	-
4	Mahmoud Musa Khoja	Director of warehouse management	Taiwanese	44	2001G	25/09/2019G	-	-	-
5	Yusuf Omar Khoja	Director of Human Resources Department	Saudi	41	2004G	25/09/2019G	344,861	3.63%	-
6	Karim Mohamed Hashem Mohamed,	Practical Office Manager	Egyptian	31	2018G	10/05/2021G	-	-	-
7	Mohammed Aboud Baqalaqal	Manager of the Support Services Department	Yemeni	28	2014G	01/07/2022G	-	-	-
8	Abdul Baqi Othman Omar	Director of Marketing Department	Sudanese	69	2021G	02/06/2021G	-	-	-
9	Mustafa Musa Khoja	Director of Purchasing Department	Taiwanese	45	2001G	01/09/2001G	-	-	-
10	Mohamed El-Sayed Metwally Mohamed	Director of Customer Service Department	Egyptian	31	2018G	24/12/2022G	-	-	-
11	Rashid Ali Yad Ali	Director of Information Systems Department	Pakistani	48	2011G	21/11/2011G	-	-	-
12	Fayez Khaled Genena,	Director of the Administrative Supervision Department and Director of the Wasfati Program	Palestinian	56	2019G	18/8/2022 G	-	-	-
13	Ahmed Fattouh Al-Bayaa	Director of the Training Department	Egyptian	32	2015G	12/01/2023G	-	-	-
14	Abdullah Abdul Hafeez Khoja	Director of the Technical Supervision and Technical Support Department	Saudi	26	2022G	15/09/2022G	-	-	-

Source: Al-Mujtama Al-Raida Medical Company

Below is a summary of the biographies of members of the Executive Management:

The biography of the Managing Director, Mr. Abdulaziz bin Omar Yusuf Khoja, as stated on page No. (113) within the biographies of members of the Board of Directors, and the biography of the Director of the Human Resources Department, Mr. Yusuf bin Omar Yusuf Khoja, as contained on Page No. (114) within Biographies of board members.

Table 57: Biography of a member of the executive management

Name:	Rami Mamdouh Mohamed		Position:	Financial Director
Age:	32 years	Year of Appointment:	2022G	Nationality: Egyptian
Academic qualifications	<ul style="list-style-type: none"> • He obtained the Financial Modeling & Valuation Analyst (FMVA) certificate from the Corporate Finance Institute in 2021G. • He obtained a diploma in international accounting standards (Dip IFR) in 2020G • Obtained the International Accounting Standards Certificate (Cert IFR) in 2018G • He obtained the Certified Management Accountant (CMA) certificate from the Institute of Management Accountants in the United States in 2015G • He obtained a bachelor's degree from Ain Shams University in the Arab Republic of Egypt in 2002G 			
Practical experiences:	<ul style="list-style-type: none"> • Financial Director at Alpha Markets in the Arab Republic of Egypt from 2019G to 2021G. • Financial Director at Panda (Savola Group) in the Arab Republic of Egypt from 2018G to 2019G. • Financial Director at Roshdy Pharmacies in the Arab Republic of Egypt from 2015G to 2018G • Financial Director at Al-Kifah Holding Company in the Kingdom of Saudi Arabia from 2013G to 2015G. • Director of reporting and joint integration at ASEC Cement Company in the Arab Republic of Egypt from 2011G to 2013G. • Senior Financial Analyst at Elsewards Cables Company in the Arab Republic of Egypt from 2007G to 2011G. • Chief Accountant at ALKAN Network Company in the Arab Republic of Egypt from 2002G to 2007G. 			

Source: Al-Mujtama Al-Raida Medical Company

Table 58: Biography of a member of the executive management

Name:	Mohammed bin Hussein Abdul Mawla Al-Faqi		Position:	Director of Planning and Logistics Department
Age:	36 years	Year of Appointment:	2014G	Nationality: Egyptian
Academic qualifications	<ul style="list-style-type: none"> • He holds a postgraduate diploma in clinical pharmacy from Tanta University in the Arab Republic of Egypt in 2013G • He obtained a bachelor's degree in pharmacy from Mansoura University in the Arab Republic of Egypt in 2009G 			
Practical experiences:	<ul style="list-style-type: none"> • Director of the Planning and Supply Department at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - since 2023G. • Director of the Technical Supervision and Technical Support Department at Al-Mujtama Al-Raida Medical Company - a limited liability company - in Jeddah from 2017G until 2022G. • Pharmacist at the Almutajama Almotatawerah Medical Pharmacy - an individual institution - in Jeddah from 2014G to 2015G. • Branch Manager at Al-Barbari Pharmacy in the Arab Republic of Egypt from 2011G to 2014G. • Pharmacist at Kafr El-Zayat General Hospital in the Arab Republic of Egypt from 2010G to 2011G. 			

Source: Al-Mujtama Al-Raida Medical Company

Table 59: Biography of a member of the executive management

Name:	Mahmoud Musa Bater Khoja		Position:	Director of Warehouse Management	
Age:	44 years	Year of Appointment:	2021G	Nationality:	Taiwan - China
Academic qualifications	<ul style="list-style-type: none"> He graduated from high school from the Kingdom of Saudi Arabia in 1998G 				
Practical experiences:	<ul style="list-style-type: none"> Director of warehouse management at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - in Jeddah since 2019G. Director of Warehouse Management at AlMujtama Alhadithah Foundation - an individual institution - in the city of Jeddah from 2001G to 2019G. 				

Source: Al-Mujtama Al-Raida Medical Company

Table 60: Biography of a member of the executive management

Name:	Karim Mohammed Hashem Mohammed		Position:	Practical Office Manager	
Age:	31 years	Year of Appointment:	2018G	Nationality:	Egyptian
Academic qualifications	<ul style="list-style-type: none"> He holds a Bachelor's degree in Pharmacy from Mansoura University in the Arab Republic of Egypt in 2015G. 				
Practical experiences:	<ul style="list-style-type: none"> Director of the practical office at the Al-Mujtama Al-Raida Medical Company - a closed joint stock company - in the city of Jeddah since 2021G Pharmacist at Al-Mujtama Al-Raida Medical Company - a limited liability company - in Jeddah from 2019G to 2021G. Pharmacist at AlMujtama Alhadithah Foundation - an individual institution - in the city of Jeddah from 2018G to 2019G. Pharmacist in the Tarshoubi pharmacies chain in the Arab Republic of Egypt from 2015G to 2018G. 				

Source: Al-Mujtama Al-Raida Medical Company

Table 61: Biography of a member of the executive management

Name:	Mohammed Aboud Baqalaqal		Position:	Director of the Maintenance and Establishment Department	
Age:	28 years	Year of Appointment:	2014G	Nationality:	Yamani
Academic qualifications	<ul style="list-style-type: none"> Obtained high school diploma from the Kingdom of Saudi Arabia in 2012G. 				
Practical experiences:	<ul style="list-style-type: none"> Director of the Maintenance and Establishment Department at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - since 2022G. Deputy Director of the Maintenance and Establishment Department at AlMujtama Al-Raida Company - a limited liability company - in Jeddah from 2019G until 2022G. Supervisor of workers in the maintenance and establishment department at AlMujtama Alhadithah Foundation - an individual institution - in the city of Jeddah from 2014G to 2019G. 				

Source: Al-Mujtama Al-Raida Medical Company

Table 62: Biography of a member of the executive management

Name:	Abdul Baqi Othman Omar Othman		Position:	Director of Marketing Department
Age:	69 years	Year of joining the company:	2021G	Nationality: Sudanese
Academic qualifications	<ul style="list-style-type: none"> • He holds a bachelor's degree in pharmacy from Alexandria University in the Arab Republic of Egypt in 1978G. 			
Practical experiences:	<ul style="list-style-type: none"> • Director of the Marketing Department at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - in Jeddah since 2021G. • Commercial director at the Saudi International Trading Company - a limited liability company - in Jeddah from 1992G to 2021G. • Medical advertising representative at the Saudi Arabian Drug Store - a limited liability company - in Jeddah from 1979G to 1992G. 			

Source: Al-Mujtama Al-Raida Medical Company

Table 63: Biography of a member of the executive management

Name:	Mustafa Musa Bater Khoja		Position:	Director of Purchasing Department
Age:	45 years	Year of joining the company:	2001G	Nationality: Taiwan - China
Academic qualifications	<ul style="list-style-type: none"> • Obtained high school diploma from the Kingdom of Saudi Arabia in 1997G. 			
Practical experiences:	<ul style="list-style-type: none"> • Director of the Purchasing Department at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - in Jeddah since 2019G. • Director of the Purchasing Department at AlMujtama Alhadithah Foundation - an individual institution - in the city of Jeddah from 2001G to 2019G. 			

Source: Al-Mujtama Al-Raida Medical Company

Table 64: Biography of a member of the executive management

Name:	Mohamed El-Sayed Metwally Mohamed		Position:	Director of Customer Service Department
Age:	31 years	Year of joining the company:	2018G	Nationality: Egyptian
Academic qualifications	<ul style="list-style-type: none"> • He holds a bachelor's degree in clinical pharmacy from Ibn Sina National College for Medical Sciences in 2017G. 			
Practical experiences:	<ul style="list-style-type: none"> • Director of the Customer Service Department at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - in Jeddah since 2022G. • Pharmacy Manager at Al-Mujtama Al-Raida Medical Company - a limited liability company - from 2021G to 2022G. • Pharmacy manager at AlMujtama Alhadithah Foundation - an individual institution - in the city of Jeddah from 2018G to 2021G. 			

Source: Al-Mujtama Al-Raida Medical Company

Table 65: Biography of a member of the executive management

Name:	Rashid Ali YadAli		Position:	Director of Information Systems Department	
Age:	48 years	Year of joining the company:	2011G	Nationality:	Pakistani
Academic qualifications	<ul style="list-style-type: none"> • He holds a Bachelor's degree in Information Systems from Khan Computers University in Pakistan in 1995G 				
Practical experiences:	<ul style="list-style-type: none"> • Director of the Information Systems Department at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - in Jeddah since 2019G. • Director of the Information Systems Department at AIMujtama Alhadithah Foundation - an individual institution - in the city of Jeddah from 2011G to 2019G. 				

Source: Al-Mujtama Al-Raida Medical Company

Table 66: Biography of a member of the executive management

Name:	Fayez Khaled Yousef Genena		Position:	Administrative Director and Wasfati Project Manager	
Age:	56 years	Year of joining the company:	2019G	Nationality:	Palestinian with an Egyptian document
Academic qualifications	<ul style="list-style-type: none"> • He holds a bachelor's degree in pharmacy from King Saud University in 1989G 				
Practical experiences:	<ul style="list-style-type: none"> • Director of the Administrative Supervision Department and project manager of the «Wasfati» program at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - since 2022G. • Director of AIMujtama Pharmacy No. (139) at Al-Mujtama Al-Raida Medical Company - a limited liability company - in the city of Riyadh since 2019G. • Director of Shatha Al Dawaa Pharmacy - a sole proprietorship - from 2009G until 2019G. • Office Supervisor of the Saudi Pediatric Society - a non-profit facility - from 2008G until 2009G. • Director of one Al-Dawaa pharmacy - a sole proprietorship - from 1997G until 2008G. • Director of the German Foco company from 1991G to 1992G. 				

Source: Al-Mujtama Al-Raida Medical Company

Table 67: Biography of a member of the executive management

Name:	Ahmed Fattouh Abdulaziz Al-Baya		Position:	Director of Training Department	
Age:	32 years	Year of joining the company:	2015G	Nationality:	Egyptian
Academic qualifications	<ul style="list-style-type: none"> • He holds a Bachelor's degree in Pharmacy from Misr University of Science and Technology in 2013G 				
Practical experiences:	<ul style="list-style-type: none"> • Director of the Training Department at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - since 2023G. • Director of the training team at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - from 2020G until 2023G. • Member of the training team at Al-Mujtama Al-Raida Medical Company - a limited liability company - from 2018G until 2020G. • Pharmacist at Almutama Almotatawerah Medical Pharmacy - a sole proprietorship - from 2015G until 2021G. • Pharmacist at Al-Saadani Pharmacies in the Arab Republic of Egypt from 2013G until 2015G. 				

Source: Al-Mujtama Al-Raida Medical Company

Table 68: Biography of a member of the executive management

Name:	Abdullah Abdul Hafeez Khoja		Position:	Director of the Technical Supervision and Technical Support Department	
Age:	26 years	Year of joining the company:	2022G	Nationality:	Saudi
Academic qualifications	<ul style="list-style-type: none"> • Holds a Bachelor's degree in Computer Science from the University of Jeddah in 2021G • Obtained an ethical hacking certificate from Udemy in 2019G. • Obtained an advanced game programming certificate from Udemy in 2019G. 				
Practical experiences:	<ul style="list-style-type: none"> • Director of the Technical Supervision and Technical Support Department at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - since September 2022G. • Network specialist at Al-Mujtama Al-Raida Medical Company - a closed joint stock company - during the year 2022G. 				

Source: Al-Mujtama Al-Raida Medical Company



(5)

Dividedns Policy

5. Dividends Policy

The Shares grant their holders the right to receive the dividends declared by the Company. According to the Company's Articles of Association, any decision to distribute cash dividends must be issued by the Ordinary General Assembly based on a recommendation from the Board of Directors, which takes into account upon issuing this recommendation the various factors prevailing at the time, including the Company's profits and financial conditions, and the restrictions that govern the process of distributing profits in accordance with financing and debt agreements, results of the Company's activities, the Company's cash needs now and in future, and the expansion plans and investment requirements of the Company.

The Company is under no obligation to distribute dividends for any year in the future, nor does it guarantee the value of those dividends that can be distributed in any specific year. The process of dividends distribution is subject to certain restrictions according to the Company's Articles of Association, as the company's bylaws stipulate that the Company's annual net profits will be distributed as follows

1. The amounts necessary to pay the Zakat imposed on shareholders are calculated, and the Company pays the amounts to the competent authorities before determining the net profit.
2. Subject to the requirements of other relevant regulations, (10%) of the net profits are set aside annually to form a reserve for the Company. Such setting aside may be discontinued by the Ordinary General Assembly when such reserve reaches 30% of the Company's paid-up capital..
3. The Ordinary General Assembly may, based on the proposal of the Board of Directors, set aside a percentage of (20%) of the net profits to form a consensual reserve to be allocated for a specific purpose or purposes. The consensual reserve may not be used except by a decision of the extraordinary general assembly. If this reserve is not allocated for a specific purpose, the Ordinary General Assembly may - based on the proposal of the Board of Directors - decide to spend it for the benefit of the Company or shareholders.
4. The Ordinary General Assembly may decide to form other reserves, to the extent that serves the interest of the Company or ensures the distribution of fixed profits as much as possible to shareholders. The aforementioned assembly may also deduct amounts from the net profits to establish social institutions for the Company's employees or to assist existing ones.
5. The remainder will then be distributed to the shareholders, according to a decision from the General Assembly decides and as required by the Company's interest.
6. The Company may, based on a proposal from the Board of Directors and approval of the Ordinary General Assembly, distribute interim dividends (semi- or quarterly). The Ordinary General Assembly may also authorize the Board of Directors to distribute interim dividends (semi- or quarterly), provided that this distribution is from real, payable profits for distribution.

It is worth noting that the remuneration for members of the Board of Directors may be a specific amount, an attendance allowance for sessions, benefits in kind, or a specific percentage of net profits, and it is permissible to combine two or more of the above, and the General Assembly determines the amount of these remunerations, taking into account that remunerations are fair, motivating and commensurate with the member's performance in the Company and within the limits of what is stipulated in the Companies' Law and regulations.

The shareholder is entitled to his share in the profits in accordance with the decision of the General Assembly issued in this regard. The decision indicates the due date and the date of distribution. Entitlement to the dividends goes to the owners of the shares registered in the shareholders' records at the end of the day specified for entitlement. The Board of Directors must implement the General Assembly's decision regarding the distribution of profits to shareholders.

It is worth noting that the Company did not distribute any profits for the financial year ended on 31/12/2021G, nor for the financial year ended on 31/12/2022G, nor did it distribute any interim profits for the financial period ended on 03/06/2023G. The Company does not provide any guarantees of future dividend distribution.



(6)

Costs of Direct Listing

6. Costs of Direct Listing

The total costs of direct listing of the Company's shares in the Parallel Market are expected to reach approximately (5,500,000) five million five hundred thousand Saudi Riyals, which include direct listing costs, Financial Advisor fees, and other expenses related to direct listing in the Parallel Market. The Company will bear all listing costs, which will be included in the Company's expenses in the income statement.



(7)

Declarations

7. Declarations

The members of the Company's Board of Directors declare that:

1. There was no interruption in the Issuer's business that could affect or have had a noticeable impact on the financial situation during the last (12) months.
2. No commissions, discounts, brokerage fees or any non-cash compensation were granted by the Issuer during the year immediately preceding the date of the registration application in connection with the issuance or offering of any shares.
3. There was no major negative change in the financial and commercial position of the Company during the year immediately preceding the date of submitting the registration application.
4. Other than what is stated in Section No. (4-7) **«Members of the Board of Directors»** and Subsection (2-1-12) **«Risks Related to Transactions with Related Parties»** of this Document, neither members of the Board of Directors nor any of their relatives have any Shares or interest of any kind in the Issuer.
5. Other than what is stated in Subsection No. (2-1-35) **«Risks Related to Lawsuits and Fines»** the Company is not subject to any lawsuits or legal proceedings that may materially affect its business or financial condition, as of the date of this Document.
6. Other than what is stated in Subsection No. (2-1-35) **«Risks Related to Lawsuits and Fines»** the members of the Board of Directors are not subject to any lawsuits or legal proceedings that may materially affect the Company's business or financial condition, as of the date hereof.
7. Other than what is stated in Subsection No. (2-1-52) **«Risks Related to a Board Member's Engagement in Business Competitive to the Company's Business»** none of the Board Members participate in businesses competitive with the Company.
8. Other than what was mentioned in Section No. (2-1-12) **«Risks Related to Transactions with Related Parties»** the Company declares that it does not have any contracts or arrangements in effect when submitting this registration document in which the Chairman of the Board of Directors has an interest or a member of the Board of Directors, the CEO, the CFO, or other related parties.
9. There are no other facts that could affect the application for registration of shares that are not included in this Document.
10. The Company holds all basic licenses and approvals required to practice its activities.
11. The Company has obtained all necessary approvals to list its shares in the Parallel Market.
12. Except for what is stated in Section No. (2) **«Risk Factors»**, the members of the Board of Directors are not aware of any other material risks that could affect the decision of potential investors in the Company's shares.
13. There is no authority that gives any member of the Board of Directors or the CEO the right to vote on the remunerations granted to them.
14. There is no authority that allows members of the Board of Directors or senior executives to borrow from the Issuer.
15. No member of the Company's Board of Directors, nor any member of the Company's executive management, or the secretary of the Board of Directors, has been declared bankrupt, and none of them has ever been subject to any bankruptcy procedures.
16. The Company is committed to all provisions of the Companies Law up to the date of this Document.
17. The Company does not intend to make any fundamental change to the nature of its activity, products or services.
18. There is no agreed disposition of the Company's shares as a result of ownership by a group of shareholders from the same family.



(8)

**Information
Related to the
Shares and
Listing Terms and
Conditions**

8. Information Related to the Shares and Listing Terms and Conditions

8-1 Application for Registration of Shares in the Parallel Market

The Company has submitted an application to register the shares subject to this Document to the Saudi Capital Market Authority, and all required documents were submitted to the relevant authorities and all requirements were met. All approvals related to the registration process and direct listing of the Company's shares in the Parallel Market have also been obtained, including the Authority's approval of this Registration Document.

8-2 The indicative share price upon listing and the nominal value of each share

The indicative price for the Company's shares was determined by calculating the Company's fair market value, which was carried out by Aldukheil Capital Group in its capacity as a financial advisor for the listing. The indicative price of the Company's shares was (40) forty Saudi riyals, and the nominal value of the share was (10) ten Saudi riyals. It is worth noting that the Company's capital amounts to (95,000,000) ninety-five million Saudi riyals, divided into (9,500,000) nine million five hundred thousand ordinary shares.

The opening price of the share is determined based on the supply and demand for the share through the opening auction mechanism, which is a period preceding the market opening (from 9:30) nine thirty to 10:00 (ten) in the morning). During this period, investors can enter Buy and sell orders, and then the trading system finds the fair price at which the orders are executed after matching them during the bid period. The execution price is the opening price with a permissible daily fluctuation rate of (30% rise and fall). The indicative price is considered a reference only for the fair market value, which is the listing price for the first day only. Fixed limits for the price fluctuation will be applied when the price of the security reaches 10%, whether rising or falling, which leads to the activation of the price fluctuation bid. To set a new fixed limit for the security based on the new reference price resulting from the volatility bid. The price fluctuation auction is activated for a period of five minutes when the price of the security reaches 10%, whether rising or falling. It is an auction that begins when the price of the security reaches the fixed limit of price fluctuation and can be repeated several times during the trading session and results in a new reference price on which fixed price limits are built.

The opening and closing bids are extended when the security price reaches the upper or lower limit (+/- 10%) of the default price, or when the default opening and/or closing price has not yet been established.

The market calculates the opening and closing prices as follows:

1. The trading system sets the price for the maximum amount that can be traded of securities.
2. If two or more prices may trade the same quantity, the trading system selects the price that leaves the lowest remaining minimum, which is the number of unmatched securities at that price.
3. If there are two or more prices with the same minimum remaining, the trading system determines the price according to the following:
 - a. The highest price when the unmatched quantity is not balanced at the purchasing party only.
 - b. The lowest price when the unmatched quantity is not balanced at the selling party only.
 - c. The average prices of (A) and (B) when the unmatched quantity is not balanced at both ends (buying and selling). The average of the two prices is rounded to the nearest unit of price change when possible.

Share trading is from Sunday to Thursday, excluding official holidays in the Kingdom. The trading day follows the sequence of sessions specified in the following table:

Table 69: Sequence of sessions

Session	Time Table
First session: open auction	09:30 AM - 10:00 AM
Second session: Market is open - execution	10:00 AM - 15:00 PM
Session Three: Closing Auction	15:00 PM - 15:10 PM
Fourth session: Trading on the closing price	15:10 PM - 15:20 PM
Fifth session: The market is closed	15:20 PM - 16:00 PM

Source: Trading and Membership Procedures - Tadawul

- Orders can be passed, amended, and canceled during the first session, second session, third session, and fourth session. Order validity can be modified and canceled during the fifth session. Unexecuted orders can be disabled during the trading day.
- Orders are displayed collectively by price at a specific price level (market bid by price) during the first session and the third session.
- Matching of orders at the end of the first session and the third session and during the second session and the fourth session.
- The end time of the first and third sessions is determined variable daily within 30 seconds according to the times specified for the two sessions in the table above.

8-3 Times and Circumstances where the Company's share may be Suspended

8-3-1 Suspension or cancelation of Listing

- A. CMA may suspend trading in listed securities or cancel the listing at any time as it deems fit, in any of the following circumstances:
1. If CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
 2. If the issuer fails, in a manner which CMA considers material, to comply with the Capital Market Law, its Implementing Regulations or the Listing Rules.
 3. If the issuer fails to pay on time any fees due to CMA or the Exchange or any fines due to CMA.
 4. If it considers that the issuer or its business, the level of its operations or its assets are no longer suitable for the continued listing of its securities on the Exchange.
 5. When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the issuer announces sufficient information regarding the target and CMA is satisfied, following the issuer's announcement, that there will be sufficient information available for the public about the proposed transaction of the reverse takeover, CMA may decide not to suspend trading at this stage.

6. Upon leakage of information about the proposed transaction of reverse takeover and the issuer cannot accurately assess its financial condition and the Exchange cannot be informed accordingly.
 7. If the liquidity requirements specified in Paragraph (B) of Article 41 of the Listing Rules have not been met.
 8. When an application for financial restructuring of the issuer in case of its accumulated losses reaching 50% or more of its capital is registered with a court under the Bankruptcy Law.
 9. When the request for liquidation procedure or the administrative liquidation of the issuer is registered with the court under the Bankruptcy Law.
 10. Upon issuance of a final judgment closing the financial restructuring and initiating the liquidation procedure or the administrative liquidation procedure of the issuer in the court under the Bankruptcy Law.
 11. Upon issuance of a final judgment initiating the liquidation procedure or the administrative liquidation procedure of the issuer in the court under the Bankruptcy Law.
- B. Lifting of trading suspension under paragraph (A) above is subject to the following:
1. The issuer adequately addresses the conditions that led to the suspension and the lack of a need to continue the suspension for the protection of investors.
 2. That lifting the suspension is unlikely to affect the normal activity of the Exchange
 3. The issuer complies with any other conditions that the CMA may require.
 4. Upon issuance of a final judgment initiating financial restructuring for the issuer under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (A) subsection (13) of Article 36 of the Listing Rules.
 5. Upon issuance of a final judgment rejecting the commencement of liquidation procedure or administrative liquidation of the issuer under the Bankruptcy Law, unless the issuer was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with paragraph (A) subsection (13) of Article 36 of the Listing Rules.
- C. The Exchange shall suspend the trading of securities of The Company in any of the following cases:
1. When the issuer does not comply with the deadlines for disclosure of its periodic financial information specified in accordance with applicable implementing regulations.
 2. When the external auditor's report on the financial statements of the issuer contains an adverse opinion or an abstention from expressing opinion.
 3. If the liquidity requirements in Parts two and eight of the Listing Rules are not satisfied after elapse of the time limit set forth by the Exchange for the issuer to rectify its conditions, unless CMA agrees otherwise.
 4. Upon issuance of a resolution by issuer's Extraordinary General Assembly to reduce its capital for the two trading days following the issuance of such resolution.
- D. The Exchange removes the suspension referred to in subparagraphs 1, 2 and 3 of paragraph (C) above, after one trading session has passed after the cause of suspension ceases to exist. In case that the issuer's shares are available for trading outside the platform, the Exchange removes the suspension within a period of not more than five trading sessions after the cause of suspension ceases to exist.
- E. The Exchange may at any time propose to CMA to suspend the trading of any listed security or cancel its listing where, in its opinion, it is likely that any of the above circumstances of paragraph (a) above are to occur.
- F. The issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its Implementing Regulations and the Listing Rules.
- G. If listing suspension continues for (6) six months with no appropriate procedure taken by the issuer to correct such a suspension, CMA may cancel the listing of securities of the issuer.

- H. Upon the issuer's completion of a reverse takeover, the issuer's shares are de-listed. If the issuer wishes to relist its shares, it shall submit a new application for registration and admission to listing in accordance with the requirements stipulated in the Rules on the Offer of Securities and Continuing Obligations.
- I. These paragraphs shall not prejudice the suspension of trading and cancellation of listing resulting from the losses of the issuer pursuant to the relevant implementing regulations of the Exchange Rules.

8-3-2 Voluntary Cancellation or Suspension of Listing

- A. After its shares have been listed on the Exchange, an issuer may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the issuer must provide the cancellation application to the CMA along with a simultaneous notice to the Exchange. The application shall include the following:
 - 1. Specific reasons for the request for cancellation.
 - 2. Copy of the disclosure described in paragraph (D) below.
 - 3. Copy of the relevant documentation and a copy of all related communication to shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the issuer.
 - 4. Names and contact information of the Financial Advisor and Legal Advisor appointed according to the Rules on the Offer of Securities and Continuing Obligations.
- B. CMA may, at its discretion, approve or reject the cancellation request.
- C. The issuer must obtain the consent of the Extraordinary General Assembly on the cancellation of the listing after obtaining CMA's approval.
- D. Where cancellation is made at the issuer's request, it must disclose it to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the issuer's activities.

8-3-3 Temporary Trading Suspension

- A. An issuer may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the CMA, its implementing regulations or the Listing Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange suspends trading of the securities of that issuer immediately upon receiving such request.
- B. When trading is temporarily suspended at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event that caused it, and the extent to which it affects the issuer's activities.
- C. CMA may impose a temporary trading suspension without a request from the issuer where CMA becomes aware of information or circumstances affecting the issuer's activities which CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. If its securities are subject to temporary trading suspension, the issuer must continue to comply with Capital Market law, its Implementing Regulations and Listing Rules.
- D. The Exchange may propose to CMA to exercise its powers in accordance with paragraph (C) above, if it becomes aware of information or circumstances affecting the issuer's activities which would be likely to interrupt the operation of the Exchange or the protection of investors.
- E. A temporary trading suspension will be lifted following the elapse of the period referred to in the disclosure specified in paragraph (B) above in this Section, unless CMA or the Exchange decided otherwise.

8-3-4 Lifting of Suspension

The lifting of the trading suspension imposed in accordance with paragraph (a) of Section (8-3-1) **«Suspension or cancellation of listing»** shall be subject to the following considerations:

- A. Adequately addressing the conditions that led to the suspension and lack of a need for to continue the suspension to protect investors.
- B. Lifting of the suspension is likely to have no impact on the normal activity of the Exchange.
- C. The Issuer's compliance with any other conditions that the CMA may require.

In the event that the listing suspension continues for six months with no appropriate procedure made by the Issuer to correct such suspension, the CMA may cancel the Issuer's listing

8-3-5 Re-Registering and Admission of Listing of Cancelled Securities

If the issuer wishes to re-register its shares after their cancellation, the Issuer is required to submit a new application in accordance with the procedures set out in Rules on the Offer of Securities and Continuing Obligations and Listing Rules.

8-4 Decisions and approvals under which the Shares will be offered

Following are the decisions and approvals under which the Company Shares will be offered:

1. The Company's Board of Directors' decision to list the Company's shares in the Parallel Market.

The Board of Directors of the company recommended to the General Assembly, in its meeting held on 03/03/1444H (corresponding to 29/09/2022G), for the direct listing of the company's shares in the Parallel Market.

2. Approval of the Company's General Assembly to list the Company's shares in the Parallel Market.

The General Assembly of the Company, in its meeting held on 10/03/1444H (corresponding to 06/10/2022G), agreed to list the Company's shares in the Parallel Market.

3. Approval of the Saudi Tadawul Group to list the shares in the Parallel Market.

Approval was obtained from the Exchange **«Saudi Tadawul»** for direct listing on 01/11/1444H (corresponding to 21/05/2023G).

4. Approval of the Capital Market Authority

The Capital Market Authority's approval was obtained on the request for direct listing of the Company's shares in the Parallel Market on 17/03/1445H (corresponding to 02/10/2023G). This approval was announced on the Authority's website on 19/03/1445H (corresponding to 04/10/2023G).

8-5 Existing arrangements to prevent disposal of certain shares (Lock-Up Period)

The shareholders mentioned on page (xx and xxi) of this Registration Document are prohibited from disposing of their shares for a period of (12) twelve months from the date of trading of the Company's shares in the Parallel Market. They may dispose of their shares after the expiry of this period without the need to obtain prior approval from the Capital Market Authority. Other than this Lock-up Period imposed by the Authority on Substantial Shareholders, there are no other existing arrangements that prevent disposing of certain shares.

8-6 Overview of the Saudi Stock Exchanges (Saudi Tadawul)

In 1990G, full electronic trading of Shares in KSA was introduced. The Tadawul system was established in 2001G as the successor to the Electronic Securities Information System. Share trading occurs on the «**Tadawul**» system through a fully integrated trading system covering the entire trading process, from execution of the trade transaction through settlement thereof. Trading occurs each business day between 10:00 am and 3:00 pm from Sunday to Thursday, during which time orders are executed. However, outside such hours, orders may be entered, amended, or cancelled from 9:30 am to 10:00 am. These times change during the month of Ramadan as announced on the official website of Tadawul.

Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders, provided that, if several orders are generated at the same price, they are executed according to the time of entry.

The Tadawul system distributes a comprehensive range of information through various channels, most notably the Tadawul website and Tadawul Information Link, which supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that share ownership transfer takes place within two working days after the transaction is executed.

Listed companies are required to disclose all material decisions and information to investors through Tadawul. Tadawul is responsible for monitoring the market as it is the operator of the mechanism through which the market operates in order to ensure fair and smooth trading in Shares.



(9)

**Documents Available
for Inspection**

9. Documents Available for Inspection

The following documents will be available for viewing through a virtual data room, and the Financial Advisor **«Aldukheil Financial Group»** will send the electronic link to the virtual data room to qualified investors upon request via email **«info@aldukheil.com.sa»**, during business days from Monday 08/04/1445H (corresponding to 23/10/2023G) until Monday 06/05/1445H (corresponding to 20/11/2023G) within a period of no less than (7) seven days prior to listing:

- The main Commercial Registration of the Company.
- The Company's By/Laws and the latest Articles of Association.
- The Capital Market Authority's approval to register the Company's shares in the Parallel Market as a printed copy from the Capital Market Authority's website.
- Approval of the Saudi Stock Exchange Company (Saudi Tadawul) for direct listing in the Parallel Market.
- Approval of the Board of Directors and approval of the Company's Ordinary General Assembly for the direct listing of the Company's shares in the Parallel Market.
- Letters of approval to include the name, logo and statement in this Registration Document for:
 - a. The Company's Financial Advisor (Aldukheil Financial Group Company).
 - b. The Company's Auditor (Talal Abu Ghazaleh & Partners Company - Certified Public Accountants).
- The mechanism based on which the indicative price for trading the Company's shares in the Parallel Market was determined (the Company's financial evaluation report prepared by the Financial Advisor).
- The Company's audited financial statements for the financial year ended on 31/12/2022G.
- The Company's reviewed financial statements for the six-month period ended on 30/06/2023G.



(10)

Auditor's Report

10. Auditor's Report

10-1 The audited financial statements for the fiscal year ended on 31/12/2022G.

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah- Kingdom of Saudi Arabia**

**Financial Statements and
Independent Auditor's Report
For the Year Ended December 31, 2022**

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah- Kingdom of Saudi Arabia

INDEX

	<u>PAGE</u>	<u>EXHIBIT</u>
Independent Auditor's Report	1 - 2	-
Statement of Financial Position as of December 31, 2022	3	"A"
Statement of Comprehensive Income for the year ended December 31, 2022	4	"B"
Statement of Changes in Shareholders' Equity for the year ended December 31, 2022	5	"C"
Statement of Cash Flows for the year ended December 31, 2022	6	"D"
Notes to the financial statements for the year ended December 31, 2022	7 - 39	-



Independent Auditor's Report

To the Shareholders of
Al-Mujtama Leading Medical Company
(Closed joint stock company)
Jeddah - Kingdom of Saudi Arabia

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Al-Mujtama Leading Medical Company (Closed joint stock company), which comprise the Statement of Financial Position as of December 31, 2022, and the Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other pronouncements and standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and Companies' Regulation and Company's By-law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's Report to the Shareholders' of Al-Mujtama Leading Medical Company
(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the International Standards on Auditing adopted in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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.

Reporting on Regulatory Requirements and Other Legislations

The Regulations for Companies in Saudi Arabia require the auditor to include in his report the contraventions to the Regulations for Companies or the Company's Articles of Association that came to his attention. During our current audit, no contraventions to the Regulations for Companies or the Company's Articles of Association came to our knowledge.

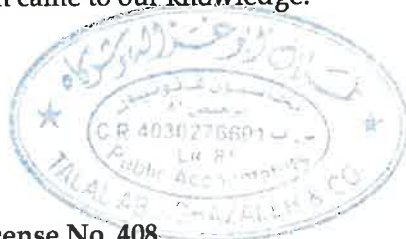
Talal Abu-Ghazaleh & Co.


Waleed Ahmed Bamarouf

Certified Public Accountant - License No. 408

Date: Ramadan, 21 1444(H) corresponding to April 12, 2023(G)

Jeddah- Kingdom of Saudi Arabia



Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Statement of Financial Position as of December 31, 2022

EXHIBIT "A"

	Note	December 31, 2022 (SR)	December 31, 2021 (SR)
ASSETS			
Current Assets			
Cash and cash equivalents	5	4,054,705	4,217,396
Accounts receivable	6	10,334,672	14,098,872
Inventory	7	135,661,991	126,831,554
Other debit balances	8	9,266,657	6,332,449
Due from related parties	9/A	646,963	639,907
Total current assets		159,964,988	152,120,178
Non-Current Assets			
Property and equipment -net	10	34,581,060	31,090,596
Intangible assets -net	11	1,511,370	1,681,370
Right of use assets -net	12	123,283,687	118,277,612
Projects under construction	13	15,084,803	67,772
Total non-current assets		174,460,920	151,117,350
Total Assets		334,425,908	303,237,528
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Accounts payable		72,928,926	97,640,477
Lease liabilities - current	12	20,243,512	21,384,861
Other credit balances	14	4,332,274	3,122,993
Due to related parties	9/B	8,000,000	68,395,262
Zakat provision	15	2,263,416	673,080
Total current liabilities		107,768,128	191,216,673
Non-Current Liabilities			
Lease liabilities - non current	12	102,827,823	96,553,962
Employees defined benefit obligations	16	5,235,444	6,764,008
Total non current liabilities		108,063,267	103,317,970
Total Liabilities		215,831,395	294,534,643
Shareholders' Equity			
Capital	17	95,000,000	560,000
Statutory reserve	18	2,362,289	168,000
Retained earnings		21,232,224	7,974,885
Total Shareholders' Equity		118,594,513	8,702,885
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		334,425,908	303,237,528

"The Accompanying Notes from (1) To (29) Constitute an Integral Part of These Financial Statements"

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia**

Statement of Comprehensive Income for the year ended December 31, 2022

EXHIBIT "B"

	Note	2022 (SR)	2021 (SR)
Sales -net		367,075,487	304,497,594
Cost of sales	19	<u>(248,362,426)</u>	<u>(219,114,677)</u>
Gross profit from activity		118,713,061	85,382,917
Selling and distribution expenses	20	(85,713,192)	(69,652,872)
General and administrative expenses	21	<u>(8,901,215)</u>	<u>(7,135,918)</u>
Net profit from activity		24,098,654	8,594,127
Finance expenses	12/16	(4,412,535)	(2,580,867)
Other revenues	22	<u>1,489,066</u>	<u>2,304,376</u>
Net income before zakat		21,175,185	8,317,636
Zakat expense	15	<u>(2,097,677)</u>	<u>(507,341)</u>
Income after zakat-EXHIBIT" C "		<u>19,077,508</u>	<u>7,810,295</u>
Other comprehensive income			
Items that will not be reclassified to the income statement			
Re-measurement of the employees defined benefit obligations	16	<u>2,865,388</u>	<u>(9,596)</u>
Other comprehensive income (loss)		<u>2,865,388</u>	<u>(9,596)</u>
Total comprehensive income -EXHIBIT "C"		<u>21,942,896</u>	<u>7,800,699</u>
Earning per share from main activity	23	<u>2.54</u>	<u>0.90</u>
Earning per share from net income for the year	23	<u>2.01</u>	<u>0.82</u>

"The Accompanying Notes from (1) To (29) Constitute an Integral Part of These Financial Statements"

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Statement of Changes in Shareholders' Equity for the Year Ended December 31, 2022 **EXHIBIT "C"**

	Note	Capital		Statutory reserve		Retained earnings		Total Shareholders' equity	
		SR		SR		SR		SR	
For the year ended December 31, 2022									
Balance at the beginning of the year		560,000		168,000		7,974,885		8,702,885	
Transferred to capital (*)	17	6,491,268		-		(6,491,268)		-	
Capital increase (*)	17	87,948,732		-		-		87,948,732	
Income for the year after zakat-EXHIBIT "B"		-		-		19,077,508		19,077,508	
Re-measurement of employees defined benefit obligations	16	-		-		2,865,388		2,865,388	
Total comprehensive income for the year		-		-		21,942,896		21,942,896	
Transferred to statutory reserve		-		2,194,289		(2,194,289)		-	
Balance at the end of the year - (EXHIBIT "A")		95,000,000		2,362,289		21,232,224		118,594,513	
For the year ended December 31, 2021									
Balance at the beginning of the year		560,000		168,000		3,394,788		4,122,788	
Branch transfers	24	-		-		(3,220,602)		(3,220,602)	
The forwarded balance at the beginning of the year		560,000		168,000		174,186		902,186	
Income for the year after zakat-EXHIBIT "B"		-		-		7,810,295		7,810,295	
Re-measurement of defined employee benefit obligations	16	-		-		(9,596)		(9,596)	
Total comprehensive income for the year		-		-		7,800,699		7,800,699	
Balance at the end of the year - (EXHIBIT "A")		560,000		168,000		7,974,885		8,702,885	

(*) On April 2, 2022, the partners decided to increase the capital from SR 560,000 to SR 95,000,000, as all parties fulfilled their rights from each other, and the legal procedures were completed at the Ministry of Commerce - note (17).

"The Accompanying Notes from (1) To (29) Constitute an Integral Part of These Financial Statements"

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Statement of Cash Flows for the Year Ended December 31, 2022

EXHIBIT "D"

	Note	2022 SR	2021 SR
Cash flows from operating activities			
Net income for the year before zakat - Exhibit B		21,175,185	8,317,636
Adjustments to reconcile net income for the year before zakat to net cash from operating activities			
Depreciation of property and equipment	10	4,340,591	5,683,381
Depreciation of right of use assets	12	17,524,266	18,078,964
Amortization of intangible assets	11	170,000	18,630
Financing charges	16/12	4,412,545	2,580,867
Employees defined benefit obligations - charged	16	1,665,795	1,378,363
Losses from disposal of right-of-use assets		1,776,326	-
Change in operating assets and liabilities			
Accounts receivables		3,764,200	(9,518,069)
Inventory		(8,830,437)	(29,482,967)
Other debit balances		(2,934,208)	(8,861,306)
Due from related parties		(7,056)	6,000,527
Accounts payable		(24,711,551)	36,294,934
Other credit balances		1,209,281	(11,989,103)
Net cash flows from operations		<u>19,554,937</u>	<u>18,501,857</u>
Zakat paid	15	(507,341)	(881,253)
Employees defined benefit obligations - paid	16	(507,996)	(344,995)
Net Cash flows from operating activities		<u>18,539,600</u>	<u>17,275,609</u>
Cash flows from investing activities			
Addition of property and equipment	10	(5,913,061)	(5,560,901)
Additions of intangible assets	11	-	(1,700,000)
Additions of projects under construction		(13,667,200)	(67,772)
Net cash used in investing activities		<u>(19,580,261)</u>	<u>(7,328,673)</u>
Cash flows from financing activities			
Lease liabilities - paid	12	(26,675,500)	(15,317,750)
Due to related parties		27,553,470	5,482,268
Net cash Cash flow from (used in) financing activities		<u>877,970</u>	<u>(9,835,482)</u>
Net (decrease) increase in cash and cash equivalents		<u>(162,691)</u>	<u>111,454</u>
Cash and cash equivalents at the beginning of the year		4,217,396	2,042,130
Net cash and cash equivalents transferred from branches		-	2,063,812
Cash and cash equivalents at the end of the year -EXHIBIT "A"	5	<u>4,054,705</u>	<u>4,217,396</u>
Additional non-cash information			
Transfer to capital from related parties		87,948,732	-
Transfer to capital from retained earnings		6,491,268	-
Transfer from projects under construction to property, and equipment		1,917,994	-
Transfer from depreciation of right-of-use assets to projects under construction		3,030,153	-
Transfer of interest from lease liabilities to projects under construction		237,672	-

"The Accompanying Notes from (1) To (29) Constitute an Integral Part of These Financial Statements"

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022

1. Legal Status and Company's Activity

- Al-Mujtama Leading Medical Company (previously Al-Mujtama Jeddah Pharmaceutical Company) - a closed joint stock company operates under Commercial Registration No. 4030241534 and issued from Jeddah on Rabi' II 14, 1434 (H), corresponding to February 25, 2013 (G). The company operates in pharmacies activities.
- On November 14, 2019 (G), the company transferred the legal company from a sole proprietorship to a one-person limited liability company registered in the name of Al-Mujtama Jeddah Pharmaceutical Company under Commercial Registration No. 4030241534 issued from Jeddah on Rabi' II 14, 1434 (H), corresponding to February 25, 2013 (G).
- On November 14, 2019 (G), Al-Mujtama Jeddah Pharmacy Establishment no. 2, commercial registration no. 4030286926, and Al-Mujtama Advanced Pharmacy Medical establishment, commercial registration No. 4030176660, were converted into branches of Al-Mujtama Jeddah Pharmaceutical Company, commercial registration no. 4030241534, with their rights and obligations, and the closing balances for the two institutions as of November 13, 2019, were considered as opening balances for the company on November 14, 2019 (G).
- During the fiscal year ended on December 31, 2021 (G), Al-Mujtama Leading Medical Company, commercial registration no. 40300282651, Al-Mujtama Modern Pharmacy establishment, commercial registration no. 4030134617, and Al-Masif Pharmaceuticals Community Pharmacy establishment, commercial registration no. 4602007234, were converted into branches of Al-Mujtama Jeddah Pharmaceutical Company, commercial registration no. 4030241534, with their rights and obligations, the closing balances as of December 31, 2020 (G) are considered as balances transferred from the company's branches as of January 1, 2021 - note (23).
- On April 2, 2022(G), the partners decided to change the company's name from Al-Mujtamaa Jeddah Pharmaceutical Company to the Al-Mujtama Leading Medical Company.
- On Muharram 4, 1444 (H), corresponding to August 2, 2022 (G), Al-Mujtama Leading Medical company was converted from a limited liability company to a closed Saudi joint stock company, and the Ministry of Commerce approved the conversion of the legal company, and the company's capital shares were changed - note no. (17).
- The company's address is located at the following headquarters:
Jeddah - Al-Hamdaniya district
P.O. Box: 23761

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia**

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

- The following sub-certificate of registration fall under the company's main record:

Trade Name	Sub-commercial registration number	Site
Al-Mujtama Leading Medical Company	1010441565	Riyadh
Al-Mujtamaa Jeddah Pharmaceutical Company	1010442368	Riyadh
Al-Mujtamaa Jeddah Pharmaceutical Company	1010568824	Riyadh
Al-Mujtamaa Al-Masif Pharmaceuticals Pharmacy	1011145429	Alkharj
Al-Mujtamaa Modern pharmacy	4030134617	Jeddah
Al-Mujtama Leading Medical Company	4030164157	Jeddah
Al-Mujtamaa Jeddah Pharmaceutical Company	4030176660	Jeddah
Al-Mujtamaa Jeddah Pharmaceutical Company for cooling systems	4030265690	Jeddah
Al-Mujtama Leading Medical Company	4030282651	Jeddah
Al-Mujtamaa Jeddah Pharmaceutical Company	4030286926	Jeddah
Al-Mujtama Leading Medical Company	4030289383	Jeddah
Al-Mujtama Leading Medical Company	4030324790	Jeddah
Al-Mujtama Leading Medical Company	4030367734	Jeddah
Al-Mujtama leading storage company	4030424509	Jeddah
Al-Mujtamaa Jeddah Pharmaceutical Company	4030427965	Jeddah
Al-Mujtama Leading Medical Company	4030428975	Jeddah
Al-Mujtama Leading Medical Company	4030440956	Jeddah
Al-Mujtama Leading Medical Company	4030455347	Jeddah
Al-Mujtamaa Jeddah Pharmaceutical Company	4031099768	Makkah
Al-Mujtama Leading Medical Company	4031212788	Makkah
Al-Mujtama Modern Pharmaceutical Company	4031257782	Makkah
Al-Mujtama Al Masyaf Pharmacy	4032048456	Taif
Al-Mujtama Leading Medical Company	4032249672	Taif
Al-Mujtama Al Masyaf Pharmacy	4602007234	Rabigh
Al-Mujtamaa Jeddah Pharmaceutical Company	4627000024	Rabigh
Al-Mujtama Modern Pharmaceutical Company	4650228049	Madinah
Al-Mujtama Leading Medical Company	4650237161	Madinah
Al-Mujtama Leading Medical Company	5900127901	Jizan
Al-Mujtama Leading Medical Company	4030486453	Jeddah
Al-Mujtama Leading Medical Company	4700116087	Yanbu

- During the fiscal year, the company closed 14 sub-certificate of registration and added 4 new Sub-certificate of registration.

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia**

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

2. Basis of preparation

a) Statement of compliance with the IFRS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncement endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

b) Basis of measurement

These financial statements have been prepared on historical cost basis using the accrual basis and going concern assumption, except for employees' defined benefit obligation, which is recognized and measured at present value for the future obligations by using the projected unit credit method at the date of the financial statements.

c) Functional and presentation currency

These financial statements have been presented in Saudi Riyals (SR), which represents the functional and presentation currency for the Company.

3. Summary of Significant Accounting Policies

The Company's significant accounting policies applied in preparing its financial statements under IFRS are as follows:

a) Cash and cash equivalents

Cash and cash equivalents includes cash at banks and cash on hand, which are subject to an insignificant risk of change in value.

b) Accounts Receivable

Accounts receivables are amounts due from customers for the goods services provided in the ordinary course of business. Accounts receivables are recorded at their transaction price on initial recognition. Subsequent on each reporting date, accounts receivables are shown net of provision for expected credit losses. The entity applies the simplified approach to provide expect credit loss, which requires use of the lifetime expected loss provision for all accounts receivable.

c) Inventory

- Inventory is stated at the cost or net realizable value whichever is lower. Inventory Cost is determined based on weighted average method. The cost of inventory includes cost of merchandise and other costs incurred in bringing inventory to its place and current position.
- Net realizable value is the estimated selling price in the ordinary course of business after deducting the estimated costs of completion and selling. An allowance is provided when necessary for damaged and slow-moving inventory items.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

d) Property and equipment

- Items of property and equipment are stated in the statement of financial position at cost after deducting the accumulated depreciation and impairment (if any). Depreciation is calculated on a straight-line basis over the estimated useful lives using the following annual depreciation rates:

Leasehold improvements	10% Or the rental period, whichever is lower
Cars	20%
Furniture and fixture	20%
Computers	20%
Electrical devices	20%

- Sold or disposed assets are derecognized along with their accumulated depreciation on the date of their sale or disposal. Gains or losses on sale or disposal are recognized in profit or loss.
- The cost of replacing part of these items is added to the carrying amount of items of property and equipment when the cost is incurred if this replacement part is expected to provide additional benefits in the future, and the carrying amount of those replaced parts is derecognized.
- All other repair and maintenance expenses are recognized in the statement of income during the period in which they are incurred.
- Residual value, useful lives, and methods of depreciation of property and equipment are reviewed, at each financial year end and adjusted prospectively, if appropriate.
- An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

e) Intangible assets

- Intangible assets are non-monetary assets that are identifiable without having a tangible physical presence.
- Assets acquired separately are recorded at cost less accumulated amortization and accumulated impairment losses.
- Acquisition costs include the purchase price and other costs charged to preparing the assets for their expected use.
- Amortization is recognized as an expense on a fixed and specific basis over the following useful lives of the intangible assets.
- All expenses incurred internally from research and development expenses are charged to comprehensive income unless they form part of another asset that meets the criteria for recognizing assets, and amortization is carried out at the following annual rates:

Key money	10%
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Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

f) Impairment in the value of non-financial assets

With regard to property and equipment, the company evaluates at each reporting date whether there are indicators indicating a decline in the value of the asset. If any of these indicators exist, the company estimates the recoverable amount of this asset (or cash generating unit) and compares it with its recorded value. If the recoverable amount is less, the carrying amount is reduced to the estimated recoverable amount of the asset (or the cash-generating unit to which the asset belongs). The impairment loss is recognized in profit and loss to the extent of the impairment in value. The recoverable amount of an asset (or cash generating unit) is either its fair value less cost to sell or its value in use, whichever is greater. For the purposes of assessing impairment at each reporting date, impaired non-financial assets are reviewed to consider whether there has been a reversal of impairment. If the impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to its estimated recoverable amount (for inventories the selling price less costs of completion and selling) provided that it does not exceed the amount that would have been determined had there been no impairment. The value of the asset (or cash-generating unit), and the reversal of the impairment loss is recognized in profit and loss immediately.

g) Accounts payables and accruals

Trade payables and accruals are obligations to be paid for goods or services received or supplied, whether invoices have been presented or formally agreed upon with the supplier or not. They represent obligations based on normal credit terms and do not bear interest, and obligations bearing interest are subsequently measured at amortized cost using the effective interest rate method.

h) Lease contracts

The Company determines at the beginning of the contract whether the contract is a lease or involves a lease. A contract is a lease or involves a lease if the contract transfers the right to control an existing use for a period of time in exchange for compensation. In order to assess whether a contract transfers control over a specific use for a period of time, an entity must assess whether:

- The right to have access to nearly all economic benefits from the use of a substantially determined asset.

The right to direct control over the use of the specified asset. An entity reserves the right when it has the right to make the most relevant decisions to change the use of the asset and for what purpose. In rare cases where the decision on how to use the asset and for any previously specified purpose, the Company has the right to direct the use of the asset if:

The Company has the right to operate the existing property, or

The Company designed the assets in a way that predetermines how they will be used and for what purpose.

Right of use assets and lease liabilities are not recognized for short term leases term of 12 months or less and leases for low value assets. The entity recognizes lease payment related to lease contracts as an expense on a straight line basis over the term of the lease.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

i) Right of use assets

- The Company shall recognize the right to use the assets and the lease liabilities on the date of commencement of the lease. The right to use the asset is measured initially at cost, which consists of the initial amount of the amended lease liabilities for any lease payments made on or before the commencement date, in addition to any initial direct costs incurred and the estimated costs of dismantling the underlying asset or to recover the underlying asset or location where it is located after deduction of any rent incentives received.
- The right to use the asset is subsequently depreciated over the shorter period of the contract term or the useful life of the specified asset. The estimated useful lives of the right to use the asset are determined on the same basis as property, plant and equipment. In addition, the right to use the asset is periodically reduced from impairment losses, if any, and adjusted for some re-measurement of the liability.

j) Lease liabilities

- At the beginning of the lease, the lease liabilities is measured at the present value of the unpaid lease payments at that date, and the lease payments are discounted using the interest rate implicit in the lease if the rate can be determined easily, and if it is not possible to determine that rate easily then it should use the incremental borrowing rate for the lessee.
- Payments at the commencement date of the lease contract included in the measurement of the lease liabilities consist of the following payments for the right to use the asset in question during the lease term that have not been paid at the commencement date of the lease:
 - Fixed payments less any lease incentives payable.
 - Variable lease payments based on an index or rate initially measured using the index or rate at the commencement date of the lease.
 - Amounts expected to be paid by the lessee under residual value guarantees.
 - The price of the option if the tenant is certain to exercise this option reasonably.
 - Fines payments for termination of the lease if the term of the lease reflects the tenant's exercise of the option to terminate the lease.
- Lease liability is measured at amortized cost using the effective interest method. Re-measurement is made when there is a change in future lease payments arising from a change in the index or price, if there is a change in the entity's estimate of the amount expected to be paid under the residual value guarantee, or if the entity changes the assessment of whether an option to purchase or extend will be exercised.
- When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right to use the asset, or is recognized in profit or loss if the carrying amount of the right to use the asset is reduced to zero.

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia**

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

k) Related parties

Related parties are identified by the Company in accordance with the definition of IAS 24. A related party transaction is a transfer of resources, services or obligations between the Company and a related party regardless of whether a price is charged. Terms and conditions of these transactions are approved by the Company's management.

l) Provisions and contingent items.

- Provisions are recognized when there is a current obligation (legal or constructive) on the company arising from past events, which is likely to lead to an outflow of resources containing economic benefits that will be required to settle the obligation, and the amount of the obligation can be estimated reliably. If an company expects to be reimbursed for part or all of any provision, the offset is recognized as a separate asset only if the offset is virtually certain. Expenses related to any provision are presented in the income statement, net, after subtracting any compensation.
- If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a financial cost.
- Provisions are not recognized for future operating losses. Contingent assets and contingent liabilities are also not recognized.

m) Provision for Zakat

Provision for Zakat is measured and recognized in the statement of comprehensive income for each financial period pursuant to Zakat Regulation in the Kingdom of Saudi Arabia. The provision for Zakat is settled in the financial period in which the final assessment of Zakat is issued. Variances between the amount of provision for Zakat and the final assessment are recognized in the statement of comprehensive income as changes in accounting estimates and included in the financial period on which the final assessment of Zakat is issued.

n) Post - Employment Benefits

The Company's post-employment benefits include monthly contributions to General Organization for Social Insurance (GOSI) and gratuity scheme as per the requirements of Kingdom of Saudi Arabia regulations.

(a) GOSI

The monthly contributions to GOSI are categorized as a defined contribution plan. The Company recognizes its portion of fixed contribution to GOSI every month as expense. The Company has no legal or constructive obligation to pay any further contribution, its only obligation is to pay the contribution as it falls due.

(b) Indemnity

The Company's gratuity scheme is categorized as a defined benefit plan. The scheme is unfunded and the liability recognized in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is computed by an independent actuary using the projected unit credit method. Actuarial gains and losses resulting from actuarial assumptions are recorded in the statement of other comprehensive income in the period in which they arise. Prior service costs, current service cost and net interest are recognized immediately in the statement of comprehensive income.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

o) Statutory reserve

According to the companies' law in the Kingdom of Saudi Arabia and the company's articles of incorporation, the company must set aside a statutory reserve of at least 10% of net income annually, and the shareholders may suspend this appropriation when the balance of the statutory reserve reaches 30% of the capital.

p) Sales

– **Sales recognition:**

Sales include the fair value of the consideration received or receivable for supplying goods in the ordinary course of the company's activities. Revenue is presented net of taxes, discounts and returns and a company recognizes revenue when the amount of the revenue and related costs can be measured reliably and the collectability of the related receivables is reasonably certain. The Company recognizes sales based on a five-step model in accordance with IFRS 15:

- **Step 1:** Determine the contract (contracts concluded with the client).
- **Step 2:** Determine the performance obligations in the contract.
- **Step 3:** Determine the selling price.
- **Step 4:** Allocate the selling price to the performance obligations in the contract
- **Step 5:** Recognize revenue when (or as) the company satisfies its performance obligation.

The company recognizes revenue when (or as) a performance obligation is satisfied, when the goods are delivered and control is transferred to the customer.

q) Financing expenses

Financing costs directly attributable to the creation of qualifying assets are added to the cost of those assets using a capitalization rate until all activities necessary to prepare the qualifying asset for its specific purpose are completed. Eligible assets are those that require a significant period of time to become ready for use for their intended purpose. All other financing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

r) Expenses

All other expenses, except cost of sales, are classified as general and administrative expenses. Common expenses are allocated between cost of sales and general and administrative expenses, if necessary, on a regular basis.

s) Foreign currencies transactions

Foreign currency transactions are translated into the functional currency during the period using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the period are translated using the exchange rates on that date. Foreign currency exchange gains and losses resulting from the settlements of such transactions and from retranslation of monetary items at period-end exchange rates are recognized in profit or loss.

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia**

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

t) 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. On these basis, the purpose to determine the fair value measurement, disclosure or both, except the share based payment transactions in IFRS 2, and lease transactions in IFRS 16, and measurement that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.
- In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of inputs to the fair value measurement in its entirety, which are described as follows:
 - Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
 - Level 2: inputs are quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
 - Level 3: inputs are unobservable inputs for the asset or liability.

u) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one company and a financial liability or equity instrument of another company.

a) Financial assets

A financial asset is any asset that is:

- Cash
- A contractual right to receive cash or another financial asset from another company.
- A contractual right to exchange financial instruments with another company under conditions are potentially favorable to the company.
- A non-derivative contract for which the company is or may be obliged to receive a variable number of the company's own equity instruments.

Classification and initial recognition

- The Company classifies its financial assets in the following measuring categories:
 - Those to be measured subsequently at fair value (either through income statement, or through other comprehensive income), and
 - Those to be measured at amortized cost.
- The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.
- For assets measured at fair value, gains and losses are recorded either in the statement of income or other comprehensive income. As for investing in debt instruments, it depends on the business model for this investment. As for investing in equity instruments, this depends on whether the company has made an irrevocable election at the time of initial recognition to account for equity instruments at fair value through other comprehensive income. An company reclassifies debt instruments only when its business model for managing those assets changes.
- Upon initial recognition, the company measures its financial assets (not classified as fair value through the income statement) at fair value plus transaction costs directly related to the acquisition of the financial assets. In the case of financial assets classified as fair value through the income statement, transaction costs are recorded in the income statement.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

Subsequent measurement

Equity instruments

- The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains or losses on equity investments in OCI, there is no subsequent reclassification of fair value gains or losses to income statement. Dividends from such investments continue to be recognized in income statement as other income when the Company's right to receive payments is established.
- Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.
- Changes in the fair value of financial assets at fair value through income statement are recognized in other gain / (losses) in the Statement of income as applicable.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classified its debt instruments:

- Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt instrument that is measured at amortized cost and is not part of a hedging relationship is recognized in income statement when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represents solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognized in income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to income statement and recognized in the other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest method.

- Fair value through income statement:

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through income statement. A gain or loss on a debt investment that is subsequently measured at fair value through income statement and is not part of a hedging relationship is recognized in income statement and presented net in the income statement within other gains / (losses) in the period in which it arises. Interest income from these financial assets is included in the finance income.

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia**

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period to net the carrying amount on initial recognition.

Impairment

- The Company assesses on expected future credit losses associated with its assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
- For trade receivables only, the Company applies the simplified approach in accordance with IFRS. 9, which requires recognizing the expected losses over a lifetime. Of receivables.

b) Financial liabilities

A financial liability is any liability that is:

- Contractual obligation to deliver cash or another financial asset to another company.
 - Contractual obligation to exchange financial instruments with another company under conditions that are potentially unfavorable.
 - A non-derivative contract for which the company is or may be obliged to deliver a variable number of the company's own equity instruments.
- **Initial recognition**
All financial liabilities are recognized initially at fair value. The company financial liabilities include trade payables and other payables and amount owed to related parties.
 - **Subsequent measurement**
Company classifies all financial liabilities subsequent to initial measurement at amortized cost.
 - **Offsetting of financial instruments**
Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

Disposal of financial assets and liabilities:

- An company derecognises a financial asset only when the contractual rights to cash flows from the asset expire, or when it transfers the financial asset and all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the assets, the company recognizes its retained interest in the asset and a liability for amounts it may pay. If the company retains substantially all of the risks and rewards of ownership of the financial assets, the company continues to recognize the financial assets and recognize the liabilities associated with the cash received.
- When derecognition of a financial asset measured at amortized cost, the difference between the book value of the asset and the amount of consideration received and due is recognized in the income statement. In addition, upon derecognition of an investment in a debt instrument classified as investments carried at fair value through other comprehensive income (FVOCI). The accumulated profits or losses that were previously recognized in the revaluation reserve are reclassified to profit or loss. When derecognition of an investment in equity instruments for which the Fund has chosen initial recognition by measuring them at fair value through other comprehensive income (FVOCI), the cumulative gains or losses that were recognized in the investment revaluation reserve are not classified into profit or loss, but It is transferred to retained earnings
- Financial liabilities are derecognised only when the liabilities are released, cancelled, or expire. The difference between the carrying amount of financial liabilities disposed of and the amounts paid and claimed, including any non-cash assets transferred or liabilities incurred, is recognized in the income statement.

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia**

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

4. Significant accounting estimates, assumptions and judgments

Preparation of the financial statements, and the application of the accounting policies require from the Company's management to perform assessments and assumptions that effect the amounts of financial assets and liabilities, and the disclosure of contingent liabilities. Moreover, these assessments and assumptions affect revenue, expenses, provisions, and changes in the fair value shown within the comprehensive Income and shareholders' equity. In particular, this requires the Company's management to issue significant judgments and assumptions to assess future cash flow amounts and their timing. Moreover, the said assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from the conditions and the circumstances of those assessments in the future.

Significant judgment

- The lease term for contracts with an option to renew or terminate the lease is determined by the company's assessment of whether or not there is a reasonable certainty to exercise the option to renew or terminate the lease.
- Because it is not possible to determine the implicit interest rate in lease contracts, the incremental borrowing rate to measure lease liabilities is estimated on the basis of the interest rate that the company may have to pay to borrow over a similar period and for a similar guarantee to obtain an asset with a value similar to the right-of-use asset in the same economic conditions.

Main sources of uncertainty in estimates

Management believes that the estimates adopted in preparing the accompanying financial statements are reasonable, and the presentation below sets out the key assumptions regarding the future and other key sources of uncertainty in the estimates.

- The company's obligations in relation to the defined benefit plan are calculated by estimating the amount of future benefits that employees have earned in the current and previous periods and discounting that value to reach the present value. The defined benefit obligation is calculated annually by a qualified actuary using the projected unit credit method. Judgments are used to estimate actuarial assumptions. Note (16) includes the key assumptions.
- A provision for receivables is booked based on the policies and estimates approved by the company's management to estimate the provision in accordance with International Financial Reporting standards.
- An allowance is booked for damaged and slow-moving inventory when necessary based on the policies and estimates approved by the company's management in accordance with the requirements of the International Financial Reporting Standard.
- The useful lives of tangible and intangible assets are re-estimated periodically for the purposes of calculating annual depreciations based on the general condition of those assets and estimates of their expected useful lives in the future, and the impairment loss (if any) is taken into the statement of comprehensive income.
- An allowance is booked for lawsuits filed against the company based on an appropriate legal study prepared by the legal advisor and the company's management. Moreover, the study highlights potential risks that may not be accounted for in the future. These legal assessments are reviewed periodically.
- Management periodically reviews the financial assets stated at cost to measure any impairment in their value, and this impairment is recognized in the comprehensive income statement.
- The calculation of Zakat includes a degree of estimation regarding certain items that cannot be determined finally until a decision is reached with the Zakat, Tax and Customs Authority or according to the relevant legal decisions. The final settlement of some of these items may result in profits, losses or cash flows.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

5. Cash and cash equivalents

This item consists of the following:

	2022	2021
	(SR)	(SR)
Cash at banks	2,899,045	3,517,325
Cash on hand	1,155,660	700,071
Total	4,054,705	4,217,396

6. Accounts receivable

a) This item consists of the following:

	2022	2021
	(SR)	(SR)
Trade receivables (*)	10,334,672	14,098,872

– Aging analysis of accounts receivable is as following:

	2022	2021
	(SR)	(SR)
1-90 days past due	10,334,672	14,098,872
91-180 days past due	-	-
181-270 days past due	-	-
271-365 days past due	-	-
More than 365 days	-	-
Total	10,334,672	14,098,872

- b) Receivables include an amount of SR 9,164,030 as of December 31, 2022 G (SR 13,721,603 as of December 31, 2021 G) an account related to a governmental entity related to sales of Wasfaty program, which was collected during the subsequent period of the financial statements. Total sales within Wasfaty program amount to SR 78,768,920 for the year ended December 31, 2022 G (SR 64,148,577 for the year ended December 31, 2021 G).

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

7. Inventory

This item consists of the following:

	2022	2021
	(SR)	(SR)
Medicines	59,835,550	57,797,139
Cosmetics	44,268,222	40,104,137
Medical supplies	16,777,546	15,105,639
Milk	14,780,673	13,824,639
Total	135,661,991	126,831,554

8. Other debit balances

This item consists of the following:

	2022	2021
	(SR)	(SR)
Prepaid expenses	6,528,174	3,648,558
Employees' receivable	1,250,987	890,884
Value added tax	1,165,273	326,485
Refundable deposits	322,100	390,750
Advance payments to suppliers	-	1,075,693
Other	123	79
Total	9,266,657	6,332,449

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

9. Transaction with Related Parties

a) Due from related party

Nature of Relation	Nature of Transaction	Balance at the end of the year (SR)	Net-Movement during the year (SR)	Balance at the beginning of the year (SR)
Member of the Board of Directors	Loans	646,963	7,056	639,907
Yusuf Omar Yusuf Khojah				

b) Due to related parties

Nature of Relation	Nature of Transaction	Balance at the end of the year (SR)	Net-Movement during the year (SR)	Balance at the beginning of the year (SR)
Partner	Transfer to capital	-	(27,940,868)	27,940,868
Former Partner	Transfer to Khabeer Althaniya Investment Company	-	(26,845,147)	26,845,147
Partner	Transfer from Aiyad Alshamela Company Limited	-	26,845,147	-
	Financing	-	16,500,000	-
	Transfer to capital	-	(43,345,147)	-
Partner	Transfer to the company's capital	8,000,000	(16,662,717)	13,609,247
	Financing	-	11,053,470	-
Balance due to related party		8,000,000	(60,395,262)	68,395,262

c) Senior management salaries amounted to SR 610,829 for the year ended on December 31, 2022 (G) (2021: SR 361,000).

d) The terms and prices of transactions with related parties have been approved by the company's management.

e) On February 25, 2022, Abdulaziz Omar Yusuf Khojah, partner decided to assign part of his shares in capital, amounting to 2,800 shares, worth SR 280,000, along with their rights and obligations, to the related party, Omar Yusuf Yuldash Khojah. On April 2, 2022, the partners decided to increase the share capital from SR 560,000 to SR 95,000,000 , as all parties fulfilled their rights from each other, and the legal procedures with the Ministry of Commerce were completed. (note 17).

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

10. Property and equipment - net

a) This item consists of the following:

	Leasehold improvements (SR)	Vehicles (SR)	Computers (SR)	Furniture and Fixtures (SR)	Electrical devices (SR)	Total (SR)
2022						
Cost						
Balance at the beginning of the year	48,822,985	3,011,576	2,339,899	2,023,251	11,154,194	67,351,905
Additions during the year	441,581	438,232	72,449	1,315,187	3,645,612	5,913,061
Transfer from projects under construction	1,917,994	-	-	-	-	1,917,994
Balance at the end of the year	<u>51,182,560</u>	<u>3,449,808</u>	<u>2,412,348</u>	<u>3,338,438</u>	<u>14,799,806</u>	<u>75,182,960</u>
Accumulated Depreciation						
Balance at the beginning of the year	24,520,604	1,639,975	2,061,463	1,326,481	6,712,786	36,261,309
Additions during the year	1,512,987	436,975	137,555	315,994	1,937,080	4,340,591
Balance at the end of the year	<u>26,033,591</u>	<u>2,076,950</u>	<u>2,199,018</u>	<u>1,642,475</u>	<u>8,649,866</u>	<u>40,601,900</u>
Net book value	<u>25,148,969</u>	<u>1,372,858</u>	<u>213,330</u>	<u>1,695,963</u>	<u>6,149,940</u>	<u>34,581,060</u>
2021						
Cost						
Balance at the beginning of the year	26,739,156	900,891	2,164,904	1,050,121	5,423,805	36,278,877
Transferred from branches	19,468,722	1,214,268	88,685	680,587	4,059,865	25,512,127
Additions during the year	2,615,107	896,417	86,310	292,543	1,670,524	5,560,901
Balance at the end of the year	<u>48,822,985</u>	<u>3,011,576</u>	<u>2,339,899</u>	<u>2,023,251</u>	<u>11,154,194</u>	<u>67,351,905</u>
Accumulated Depreciation						
Balance at the beginning of the year	15,539,062	900,889	1,800,753	765,205	3,534,158	22,540,067
Transferred from branches	5,525,380	423,940	40,123	348,415	1,700,003	8,037,861
Additions during the year	3,456,162	315,146	220,587	212,861	1,478,625	5,683,381
Balance at the end of the year	<u>24,520,604</u>	<u>1,639,975</u>	<u>2,061,463</u>	<u>1,326,481</u>	<u>6,712,786</u>	<u>36,261,309</u>
Net book value	<u>24,302,381</u>	<u>1,371,601</u>	<u>278,436</u>	<u>696,770</u>	<u>4,441,408</u>	<u>31,090,596</u>

(*) Fully depreciated property and equipment amounted to SR 18,901,074 as of December 31, 2022

b) Property and equipment depreciation expense is allocated as follows:

	2022	2021
	SR	SR
Selling and distribution expenses - note (20)	3,905,356	5,115,043
General and administrative expenses - note (21)	435,235	568,338
Total	<u>4,340,591</u>	<u>5,683,381</u>

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

11. Intangible Assets - Net

<u>As of December 31, 2022</u>	<u>Key money</u>	<u>Total</u>
<u>Cost</u>	<u>(SR)</u>	<u>(SR)</u>
Balance at the beginning of the year	1,700,000	1,700,000
Balance at the end of the year	<u>1,700,000</u>	<u>1,700,000</u>
 <u>Accumulated amortization</u>		
Balance at the beginning of the year	18,630	18,630
Additions during the year	170,000	170,000
Balance at the end of the year	<u>188,630</u>	<u>188,630</u>
Net book value	<u><u>1,511,370</u></u>	<u><u>1,511,370</u></u>
 <u>As of December 31, 2021</u>		
<u>Cost</u>		
Additions during the year	1,700,000	1,700,000
Balance at the end of the year	<u>1,700,000</u>	<u>1,700,000</u>
 <u>Accumulated amortization</u>		
Amortization during the year	18,630	18,630
Balance at the end of the year	<u>18,630</u>	<u>18,630</u>
Net book value	<u><u>1,681,370</u></u>	<u><u>1,681,370</u></u>

12. Right of use assets - net

- a) The company has lease contracts for pharmacy branches and warehouses as follows:
- The lease term is more than 1 year to 20 years.
 - The lease payments are semiannually and annually.
 - The lessee is obligated to pay the amount of the remaining contract if the lessee terminated the contracts.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

b) This item consists of the following:

	2022	2021
	(SR)	(SR)
<u>Cost</u>		
Balance at the beginning of the year	176,013,747	56,288,519
Transferred from branches- note (24)	-	76,626,218
Additions during the year	50,301,861	43,099,010
Disposals during the year	(30,210,798)	-
Balance at the end of the year	196,104,810	176,013,747
<u>Accumulated amortization</u>		
Balance at the beginning of the year	57,736,135	21,185,151
Transferred from branches- note (24)	-	18,472,020
Amortization for right of use- note (12/c)	20,554,419	18,078,964
Disposals during the year	(5,469,431)	-
Balance at the end of the year	72,821,123	57,736,135
Net book value	123,283,687	118,277,612

c) Depreciation expenses are allocated as follows:

	2022	2021
	(SR)	(SR)
Selling and distribution expenses-note (20)	15,771,840	16,271,068
General and administrative expenses-note (21)	1,752,426	1,807,896
Projects under construction-note (13)	3,030,153	-
Total	20,554,419	18,078,964

d) The movement in lease liabilities during the year is as follows:

	2022	2021
	(SR)	(SR)
Balance at the beginning of the year	117,938,823	33,742,286
Transferred from branches- note (24)	-	61,374,800
Additions during the year	50,301,861	35,680,715
Interest of lease liabilities (*)	4,471,192	2,458,772
Paid during the year	(26,675,500)	(15,317,750)
Disposals during the year	(22,965,041)	-
Balance at the end of the year	123,071,335	117,938,823

(*) Lease liabilities interest are allocated as follows:

	2022	2021
	(SR)	(SR)
Financing expenses	4,233,510	2,458,772
Projects under construction - note (13)	237,682	-
Total	4,471,192	2,458,772

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

- e) The minimum lease payments and the present value of finance lease liabilities consists of the following:

	2022	2021
	(SR)	(SR)
Present value of lease liabilities - current portion	20,243,512	21,384,861
The present value of the lease liabilities - non-current portion	102,827,823	96,553,962

- f) The following is an explanation of the maturity of annual rental obligations during the contract period:

	2022	2021
	(SR)	(SR)
From first year to fifth year	76,573,380	42,957,770
From sixth year to tenth year	40,406,597	37,206,806
From the eleventh year to the end of the contract	6,091,358	37,774,247

13. Projects under construction

This item consists of the following:

	2022	2021
	SR	SR
Balance at the beginning of the year	67,772	-
Additions during the year	13,667,200	67,772
Transferred to property and equipment during the year	(1,917,994)	-
Transferred from right-of-use assets (*)	3,267,825	-
Total	15,084,803	67,772

- (*) This item consists of the following:

	2022	2021
	SR	SR
Depreciation of right-of-use assets	3,030,153	-
Interest of lease liabilities	237,682	-
Total	3,267,835	-

- These projects include establishment of new pharmacy branches and are expected to be completed during the fourth quarter of year 2023 with estimated total cost of SR 31,909,425.

14. Other credit balances

This item consists of the following:

	2022	2021
	SR	SR
Accrued expenses	4,036,569	2,970,387
Employees payables	63,020	72,225
Other	232,685	80,381
Total	4,332,274	3,122,993

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

15. Provision for Zakat

a) The movement in Zakat provision consists of the following:

	2022	2021
	SR	SR
Balance at the beginning of the year	673,080	165,739
Transferred from branches	-	881,253
Paid during the year	(507,341)	(881,253)
Net provision for zakat after payments	165,739	165,739
Zakat provision for the current year - Exhibit B	2,097,677	507,341
Balance at the end of the year - Exhibit A	2,263,416	673,080

b) The component of Zakat base consists of the following:

	2022	2021
	SR	SR
<u>Subject to zakat</u>		
Capital	95,000,000	560,000
Statutory reserve	168,000	168,000
Provisions	6,421,343	5,419,693
Credit balances	5,262,497	191,985
Lease liabilities	123,071,335	117,938,823
Due to related parties	8,000,000	32,918,770
Retained earnings	1,483,617	3,394,788
Total subject to zakat	239,406,792	160,592,059
<u>Items that must be deducted from the funds subject to zakat</u>		
Property and equipment	34,581,060	31,090,596
Intangible assets	1,511,370	1,681,370
Right of use asset	123,283,687	118,277,612
Projects under construction	15,084,803	-
Total deductible items	174,460,920	151,049,578
Zakat base	64,945,872	9,542,481
Zakat for the current year (Zakat base x 2.57768361%)	1,674,099	245,975
Adjusted net income for the year	23,572,682	10,454,655
Zakat for the current year on adjusted profit (zakat base x 2.5%)	589,317	261,366
Accrued Zakat	2,263,416	507,341

c) The company submitted its zakat return and financial statements for the year ended December 31, 2021 and received a zakat certificate for this year, no zakat assessment was issued on the company's accounts by the Zakat, Tax and customs Authority since its establishment until the financial statements.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

16. Employees defined benefit obligations

The Company post-employment benefits include monthly contributions to General Organization for Social Insurance (GOSI) and gratuity scheme as per the requirements of Kingdom of Saudi Arabia regulations.

General Organization for Social Insurance (GOSI)

The monthly contributions to GOSI (separate Company) are categorized as defined contribution plan. The Company recognizes its portion of fixed contribution to GOSI every month as expense. The Company has no legal or constructive obligation to pay any further contribution, its only obligation is to pay contribution as it falls due.

End of service indemnity

Company gratuity scheme is categorized as a defined benefit plan. The scheme is unfunded and the liability recognized in the statement of financial position in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. Actuaries' gains and losses arising from actuarial assumptions are charged to statement of other comprehensive income in the period in which they arise. Past service costs, current service cost and net interest are recognized immediately in the Statement of income.

16-1 Liability for defined benefit obligation:

	2022	2021
	SR	SR
Employees defined benefit obligations	5,235,444	6,764,008

16-2 Movement in present value of defined benefit obligation:

	2022	2021
	SR	SR
Present value of defined benefit obligations at the beginning of the year	6,764,008	1,928,449
Transferred from branches	-	3,670,500
Cost of the year	1,844,820	1,500,458
Paid during the year	(507,996)	(344,995)
Actuarial (gains) losses resulting from remeasurement	(2,865,388)	9,596
Total	5,235,444	6,764,008

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

16-3 Expense recognized in income statement:

	2022	2021
	SR	SR
Current service cost	1,665,795	1,378,363
Net interest expense	179,025	122,095
Total	1,844,820	1,500,458

16-3-1 The current cost of employee benefits has been allocated to expenses as follows:

	2022	2021
	(SR)	(SR)
Selling and distribution expenses - note (20)	1,532,531	1,268,094
General and administrative expenses - note (21)	133,264	110,269
Total	1,665,795	1,378,363

16-4 Actuarial (gains) loss recognized in other comprehensive income:

	2022	2021
	SR	SR
Actuarial (gain) loss during the year	(2,865,388)	9,596
Net Actuarial (gain) loss at the end of the year	(2,865,388)	9,596

16-4-1 The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2022	2021
Discount rate	5.00%	2.25%
The expected rate of salary increase	2%	3%

16-5 The principal assumptions used for the purposes of the actuarial valuations were as follows:

		2022	2021
		(SR)	(SR)
Discount rate	1% decrease	5,731,583	7,593,958
	Base	5,235,444	6,764,008
	1% increase	4,815,721	6,075,864
Salary inflation rate	1% decrease	4,777,627	6,100,943
	Base	5,235,444	6,764,008
	1% increase	5,769,412	7,546,460

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

17. Capital

- a) The company's capital is SR 560,000 divided into 5,600 equal shares of SR 100 each paid and distributed between the partners as follows:

<u>Partner's name</u>	<u>Number of shares</u>	<u>Ownership percentage</u>	<u>share value</u>	<u>capital</u>
		%	SR	SR
Abdul Aziz Omar Yusuf Khojah	51	51	5,600	285,600
Ajyad Alshamela Company Limited	49	49	5,600	274,400
Total	100	100		560,000

- b) On February 24, 2022 (G), the partner Ajyad Alshamela Company Limited decided to assign all of its shares in capital of 49 shares, amounting to SR 274,400, along with its rights and obligations, to Khabeer Al Thaniya Investment Company. Also, on February 24, Abdulaziz Omar Yuldash Khojah partner waived part of his shares in capital of 50 shares amounting to SR 280,000, along with his rights and obligations, to the new partner Omar Yusuf Yuldash Khojah. Accordingly, the distribution of the company's capital became as follows:

<u>Partner's name</u>	<u>Number of shares</u>	<u>Ownership percentage</u>	<u>Share value</u>	<u>capital</u>
		%	SR	SR
Omar Yusuf Yuldash Khojah	50	50	5,600	280,000
Khabeer Al thaniya investment company	49	49	5,600	274,400
Abdul Aziz Omar Yusuf Khojah	1	1	5,600	5,600
Total	100	100		560,000

- c) On April 2, 2022, the partners decided to increase the capital from SR 560,000 to SR 95,000,000, as all parties fulfilled their rights from each other, and the legal procedures with the Ministry of Commerce were completed. Accordingly, the distribution of the company's capital became as follows:

<u>Partner's name</u>	<u>Number of shares</u>	<u>Ownership percentage</u>	<u>Share value</u>	<u>capital</u>
		%	SR	SR
Omar Yusuf Yuldash Khojah	4,750,000	50	10	47,500,000
Khabeer Al thaniya investment company	4,655,000	49	10	46,550,000
Abdul Aziz Omar Yusuf Khojah	95,000	1	10	950,000
Total	9,500,000	100		95,000,000

- d) On Muharram 4, 1444 (H), corresponding to August 2, 2022 (G), the Ministry of Commerce approved the transfer of the company's legal entity from a limited liability company to a closed joint stock company, in addition changing the capital shares, and accordingly the shareholders' shares became as follows:

<u>Shareholders</u>	<u>Number of Shares</u>	<u>percentage</u>	<u>Share value</u>	<u>capital</u>
		%	SR	SR
Omar Yusuf Yuldash Khojah	3,637,784	38.29	10	36,377,840
Khabeer Al thaniya investment company	630,673	6.64	10	6,306,730
Abdul Aziz Omar Yusuf Khojah	205,697	2.17	10	2,056,970
Other shareholders (100 shareholders)	5,025,846	52.90	10	50,258,460
Total	9,500,000	100		95,000,000

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

18. Statutory reserve

In accordance with the Company's laws in Kingdom of Saudi Arabia and the Company's Articles of Association, the company is required to deduct at least 10% of its net income each year, and the shareholders may suspend the appropriation whenever the reserve reaches 30% of the share capital.

19. Cost of sales

This item consists of the following:

	2022	2021
	(SR)	(SR)
Inventory at the beginning of the year	126,831,554	30,236,178
Inventory transferred from branches - note (24)	-	67,112,409
Purchases - net	257,192,863	248,597,644
Inventory at the end of the year - note (7)	(135,661,991)	(126,831,554)
Net	248,362,426	219,114,677

20. Selling and distribution expenses

This item consists of the following:

	2022	2021
	(SR)	(SR)
Salaries, wages and related benefits	42,572,159	32,796,703
Depreciation of right-of-use assets	15,771,840	16,271,068
Governmental fees	7,036,240	3,915,019
Depreciation of property and equipment	3,905,356	5,115,043
Service facilities	3,250,345	2,230,587
Social insurance	2,583,871	1,846,117
Bank expenses	1,611,693	1,337,267
Supplies and publications	1,596,318	1,084,989
Employee benefit obligations	1,532,531	1,268,094
Commissions and incentives	1,402,328	471,427
Cars and fuel	1,163,329	837,389
Medical insurance	1,026,457	676,102
Maintenance and repair	325,955	282,586
Communication	195,876	138,613
Marketing	192,891	250,725
Amortization of intangible assets	170,000	18,630
Others	1,376,003	1,112,513
Total	85,713,192	69,652,872

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

21. General and administrative expenses

This item consists of the following:

	2022	2021
	SR	SR
Salaries, wages and related benefits	3,701,927	2,711,798
Deprecation of right of use assets	1,752,426	1,807,896
Government expenses	781,804	449,439
Hospitality	552,677	165,134
Supplies and publications	532,106	360,065
Depreciation of property and equipment	435,235	568,338
Professional fees	350,302	496,020
Social insurance	287,097	205,124
Service facilities	171,071	117,399
Employee benefit obligations	133,264	110,269
Other	203,306	144,436
Total	8,901,215	7,135,918

22. Other income and (expenses) - net

This item consists of the following:

	2022	2021
	SR	SR
Governmental support	1,463,168	710,514
New items registration and free spaces rent	265,587	525,141
Losses from disposal of right-of-use assets	(1,776,326)	-
Other	1,536,637	1,068,721
Totals	1,489,066	2,304,376

23. Earnings per share

This item consists of the following:

	2022	2021
	SR	SR
<u>Earnings per share from main activity</u>		
Net income of the main activity	24,098,654	8,594,127
Weighted average number of shares outstanding	9,500,000	9,500,000
Earnings per share	2.54	0.90
<u>Earnings per share from net income for the year</u>		
Net income	19,077,508	7,810,295
Weighted average number of shares outstanding	9,500,000	9,500,000
Earnings per share	2.01	0.82

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

24. Transferred branch balances

The transferred balances on January 1, 2021 related to the branches were as follows:

	Transferred balances as of January 1, 2021 befor IFRs adoption	Impact of IFRS adoption on the transferred balances	Transferred balances as of January 1 2021 after IFRS adoption
ASSETS			
Current Assets	(SR)		
Cash and cash equivalents	2,063,812	-	2,063,812
Accounts receivable	-	-	-
Inventory	67,112,409	-	67,112,409
Other debit balances	4,234,386	-	4,234,386
Due from related parties	4,156,155	-	4,156,155
Total current assets	77,566,762	-	77,566,762
Non-Current Assets			
Property and equipment -net	17,474,266	-	17,474,266
Right of use assets -net	-	58,154,198	58,154,198
Total non-current assets	17,474,266	58,154,198	75,628,464
Total Assets	95,041,028	58,154,198	153,195,226
LIABILITIES AND PARTNERS' EQUITY			
Liabilities			
Current Liabilities			
Accounts payable	61,345,543	-	61,345,543
Lease liabilities - current	-	10,433,716	10,433,716
Other credit balances	13,815,367	-	13,815,367
Due to related parties	15,328,365	-	15,328,365
Zakat provision	881,253	-	881,253
Total current liabilities	91,370,528	10,433,716	101,804,244
Non-Current Liabilities			
Lease liabilities - non current	-	50,941,084	50,941,084
Employees defined benefit obligations	3,670,500	-	3,670,500
Total current liabilities	3,670,500	50,941,084	54,611,584
Total Liabilities	95,041,028	61,374,800	156,415,828
Partners' Equity			
Capital	-	-	-
Statutory reserve	-	-	-
Retained earnings	-	(3,220,602)	(3,220,602)
Total Partners' Equity	-	(3,220,602)	(3,220,602)
TOTAL LIABILITIES AND PARTNERS' EQUITY	95,041,028	58,154,198	153,195,226

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

25. Financial assets and liabilities

This item consists of the following:

<u>Financial assets</u>	<u>2022</u>	<u>2021</u>
Financial assets measured at amortized cost less impairment	SR	SR
Cash and cash equivalents	4,054,705	4,217,396
Accounts receivable	10,334,672	14,098,872
Other debit balances	2,738,483	2,683,891
Due from related parties	646,963	639,907
Total	17,774,823	21,640,066
<u>Financial liabilities</u>	<u>2022</u>	<u>2021</u>
Financial liabilities measured at amortized cost	SR	SR
Accounts payable	72,928,926	97,640,477
Other credit balances	4,332,274	3,122,993
Due to related parties	8,000,000	68,395,262
Lease liabilities	123,071,335	117,938,823
Total	208,332,535	287,097,555

26. Risk management

- The company's main financial assets include cash and cash equivalents, and other receivables. The company's main financial liabilities consist of, payables, other credit balances, and amounts due to related parties. The main purpose of these financial liabilities is to finance the company's operations
- The company is exposed to market risk, credit risk, liquidity risk, and environmental and climate change risks. Senior management oversees the management of these risks. The company reviews and approves policies for managing each of these risks.

a) Capital Risk:

The capital components are reviewed regularly and the cost of capital and the risks associated with it are taken into consideration. Capital is also controlled to ensure business continuity and increase returns through achieving the optimum balance between equity and debt.

b) Foreign Currency Risk:

- Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
- Exchange rate risk arises as a result of executing commercial transactions in foreign currencies, which imposes a certain type of risk as a result of fluctuations in the exchange rates of these currencies during the year.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

c) Interest Rate Risk:

- Interest rate risk is the risk that the value of a financial Instrument will fluctuate due to changes in market interest rates.
- The risk arises on exposure to a fluctuation in market interest rates resulting from depositing in bank and borrowings.
- This risk is managed by maintaining an appropriate mix between variable and fixed interest rate balances.

d) Other Rate Risk:

- Represent the risks that the value of a financial Instrument will fluctuate due to changes in market rates (other than those resulting from interest rate risk and foreign currency risk), whether these changes arise from factors specific to an individual financial instrument or to the issuer or factors affecting all similar financial instruments traded in the market.
- The risk arises from investing in equity instruments.
- The company is not exposed to other rate risk.

e) Credit Risk:

- Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
 - Credit policies are maintained that require dealing with only creditworthy parties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.
- Regularly, the credit ratings of debtors and the volume of transactions with those debtors during the period/year are monitored.
- Ongoing credit evaluation is performed on the financial condition of debtors.
- The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk without taking into account the value of any collateral obtained.

Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

f) Liquidity Risk:

- Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulties in raising funds to meet its commitments.
- The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecast and actual cash flows and comparing them with the maturity dates of assets and liabilities.
- The following is a maturity analysis of financial liabilities:

<u>Statement</u>	2022			2021		
	year or less 1	More than a year	Book value	year or less 1	More than a year	Book value
	SR	SR	SR	SR	SR	SR
Accounts payable	72,928,926	-	72,928,926	97,640,477	-	97,640,477
Lease liabilities	20,243,512	102,827,823	123,071,335	21,384,861	96,553,962	117,938,823
Other credit balances	4,332,274	-	4,332,274	3,122,993	-	3,122,993
Due to related parties	8,000,000	-	8,000,000	68,395,262	-	68,395,262
Total	105,504,712	102,827,823	208,332,535	190,543,593	96,553,962	287,097,555

- The components of working capital are as follows:

	2022	2021
	(SR)	(SR)
Current assets	159,964,988	152,120,178
Current liabilities	(107,768,128)	(191,216,673)
Net	52,196,860	(39,096,495)

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia**

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

27. New and Revised IFRSs and Interpretations issued that are not effective yet

- a) The Company has adopted the following new and revised International Financial Reporting Standards and interpretations that are relevant to its operations and effective for the periods beginning on or after 1 January 2022. These amendments had no impact on the financial statements of the Company.

IFRS or Interpretation	Description	Effective Date
Amendments to IAS 16, property, plant, and equipment	The amendment prohibits the deduction from the cost of an item of property, plant, and equipment any proceeds from selling items produced while an company prepares the assets for its intended use. Instead, an company recognizes the proceeds from selling such items, and the cost of producing them, in the statement of income.	1 January 2022
Reference to the conceptual framework. Amendments to IFRS 3, business combinations	A minor amendment to IFRS 3 related to updating the reference to the financial reporting framework by adding an exemption from recognizing the liabilities and contingent liabilities within the scope of IAS 37, provisions, contingent liabilities, and contingent assets. The amendment emphasized that the contingent assets should not be recognized on the date of acquisition.	1 January 2022
Onerous contracts - cost of fulfilling a contract Amendments to IAS 37, provisions, contingent liabilities, and contingent assets	The amendments state that the "cost of fulfilling" a contract comprises the costs that relate directly to the contract. These costs may be additional costs to fulfil a contract (for example, the direct labor or materials) or allocations of other costs that relate directly to fulfilling a contract (for example, the allocation of the depreciation expense to an item of property, plant, and equipment and the equipment used in fulfilling the contract).	1 January 2022
Annual improvements to IFRSs 2018 - 2020 cycle	Annual improvements to IFRS 9, IFRS 16, IFRS 1, and IAS 41. IFRS 1 amendments, First-time Adoption of International Financial Reporting Standards An extension of the optional exemption that allows the subsidiary which becomes an adopter of the IFRS for the first time after the parent company to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS Standards. Similar election is available for the associate and joint venture. IFRS 9 amendments, Financial Instruments The amendments clarify the fees an company includes when it applies the '10 per cent' test in assessing whether to de-recognize a financial liability. IFRS 16 amendments, Leases The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements. IAS 41 amendments, Agriculture The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	1 January 2022

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia**

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

- b) The Company did not adopt any of the following new amended standards that were issued but not yet effective:

IFRS or Interpretation	Description	Effective Date
IFRS 17, insurance contracts	<p>IFRS 17 was issued in May 2017 to supersede IFRS 4, insurance contracts.</p> <p>The existent measuring model requires the remeasurement of estimates, where they exist, in each reporting period.</p> <p>Contracts should be measured using the following bases:</p> <ul style="list-style-type: none"> • Weighted average discounted cashflows; • Explicit adjustment to risks; and • The contractual service margin that represents the unrealized profit from the contract that will be recognized as revenues during the coverage period. <p>IFRS 17 requires the company to measure the insurance assets at the present value of fulfillment, and provides a specific unified measuring and presentation approach for all insurance contracts. These requirements were designed to achieve the objective of consistent principle- based accounting for insurance contracts.</p>	1 January 2023 Deferred from 1 January 2021
Disclosure of accounting policies Amendments to IAS 1, and practice statement 2	The amendments to IAS 1 require entities to disclose material instead of significant accounting policies and provide additional amendments that explain how a company determines the material accounting policies. Examples are added to explain the cases where potential material accounting policies exist. To support the amendment, the IASB has developed guidance and examples to explain and demonstrate the application of "the four-step materiality process" included in IFRS practice statement 2. Once the company applies the amendments to IAS 1, it is permitted to apply the amendments to IFRS practice statement 2. Entities should apply the amendments prospectively.	1 January 2023
Definition of accounting estimates Amendments to IAS 8,	<p>Amendments to IAS 8, accounting policies, changes in accounting estimates and errors.</p> <p>The amendments replace the definition of changes in accounting estimates with the definition of accounting estimates. According to the new definition, the accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error.</p>	1 January 2023
Amendments to IAS 12, income taxes The deferred tax related to assets and liabilities arising from a single transaction.	<p>The amendments require the company to recognize the deferred taxes on the transactions that give rise, at the initial measurement, to equal amounts of taxable and deductible temporary differences. The amendments typically apply to transactions such as leases of lessees and end of service obligations, and will require the affected entities to recognize additional deferred taxes, assets and liabilities.</p> <p>This means that the initial recognition exemption will not apply to the transactions that give rise to to equal amounts of taxable and deductible temporary differences at initial recognition.</p>	1 January 2023

**Al-Mujtama Leading Medical Company
(Closed Joint Stock Company)
Jeddah - Kingdom of Saudi Arabia**

Notes to the Financial Statements for the Year Ended December 31, 2022 (Continued)

IFRS or Interpretation	Description	Effective Date
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (amendment to IFRS 17)	The amendment permits entities that apply IFRS 17 and IFRS 9 simultaneously for the first time to present comparative information about the financial assets as if the classification requirements in IFRS 9 have been applied previously on these financial assets.	1 January 2023
Classification of liabilities as current and non-current Modifications to International Accounting Standard No. (1).	Amendments to the presentation of the financial statements clarify that liabilities are classified as either current or non-current, depending on the rights existing at the end of the reporting period. This classification is not affected by the entity's expectations or events subsequent to the financial reporting date. Amendments to the classification of liabilities as current or non-current (amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability, income or expense or the information that entities disclose about those liabilities. items.	January 1, 2024 (Postponed from January 1, 2022).
Amendment to International Financial Reporting Standard No. (16) Lease contracts. Lease obligations in the sale and leaseback process	An amendment explaining how the seller-lessee measures the subsequent sale and leaseback transaction.	January 1, 2024
Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate or joint venture	The amendments address the inconsistencies between IFRS 10 and IAS 28 in dealing with loss of control over a subsidiary that was sold, or contributions in an associate or joint venture.	Postponing the effective date indefinitely; early application is permitted

The company's management does not expect that these standards will have a material impact on the financial statements when they are applied in future periods

28. Approval of the financial statements

The financial statements were approved for issuance by the Board of directors on 21 Ramadan, 1444(H) corresponding to 12 April, 2023(G).

29. General

- a) Comparative figures have been reclassified to conform to current year presentation.
- b) The figures in the financial statements are rounded to the nearest Saudi Riyal.
- c) The financial statements are a translation of the statutory financial statements in the Arabic language to which reference should be made.

10-2 The Reviewed financial statements for the 6 months period ended on 30/06/2023.

**Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia**

**Unaudited Interim
Condensed Financial Statements and
Independent Auditor's Review Report
For the Six Months Period Ended June 30, 2023**

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

INDEX

	<u>PAGE</u>
Independent Auditor's Review Report of Interim Condensed financial statements	1-2
Interim Condensed Statement of Financial Position (unaudited) as of June 30, 2023	2
Interim Condensed Statement of Comprehensive Income (unaudited) for the six months period ended June 30, 2023	3
Interim Condensed Statement of Changes in Shareholders' Equity (unaudited) for the six months ended June 30, 2023	4
Interim Condensed Statement of Cash Flows (unaudited) for the six months ended June 30, 2023	5
Notes to The Interim Condensed financial statements (unaudited) for the six months ended June 30, 2023	6- 18

Independent Auditor's Review Report on the Interim Condensed Financial Statements

To the Shareholders of
Al- Mujtama Leading Medical Company
A Saudi joint stock company
Jeddah- Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Al- Mujtama Leading Medical Company - A Saudi joint stock company as of June 30, 2023, and the related interim condensed statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended and explanatory notes for interim condensed financial statements. Management is responsible for the preparation and presentation of these re-issued interim condensed financial statements for the six-month period in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of Review

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

Other matter:

As stated in note (2), the accompanying condensed interim financial statements for the six-month period ended June 30, 2023 have been reissued, as the company provided additional information about transactions with related parties for the six-month period ended June 30, 2023 which is disclosed in note 7 (d) in the accompanying interim condensed financial statements.

We had previously issued our review report on the interim condensed financial statements on Muharram 26, 1445 (H), corresponding to August 13, 2023 (G), and as a result of the above mentioned matter, we have re-issued this report on the condensed financial statements. There were no other amendments to these financial statements and its disclosures or any subsequent events that had a material impact on these financial statements until the date of reissuance these financial statements.

Independent Auditor's Review Report on the Interim Condensed Financial Statements to the Shareholders of Al- Mujtama Leading Medical Company (Continued)

Conclusion:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying reissued interim condensed financial statements as of June 30, 2023 for Al- Mujtama Leading Medical Company - a closed joint stock company - are not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia

Talal Abu-Ghazaleh & Co.



Waleed Ahmed Bamarouf

Certified Public Accountant - License No. 408

Rabi' al-Awwal 7, 1445(H) corresponding to September 22, 2023(G)

Jeddah - Kingdom of Saudi Arabia




Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Interim condensed statement of Financial Position as of June 30, 2023 **EXHIBIT "A"**

	Note	June 30, 2023 (Unaudited) (SR)	December 31, 2022 (Audited) (SR)
ASSETS			
Current Assets			
Cash and cash equivalents		7,397,469	4,054,705
Accounts receivable		20,770,633	10,334,672
Inventory		141,669,649	135,661,991
Other debit balances		8,531,332	9,266,657
Due from related parties	7	-	646,963
Total current assets		178,369,083	159,964,988
Non-Current Assets			
Property and equipment -net	4	38,935,548	34,581,060
Intangible assets -net		1,426,370	1,511,370
Right of use assets -net	5	151,868,007	123,283,687
Projects under construction	6	34,473,897	15,084,803
Total non-current assets		226,703,822	174,460,920
Total Assets		405,072,905	334,425,908
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Accounts payable		100,556,774	72,928,926
Lease liability - current	5	22,826,556	20,243,512
Other credit balances		7,913,047	4,332,274
Due to related parties	7	7,000,000	8,000,000
Zakat provision		3,298,047	2,263,416
Total current liabilities		141,594,424	107,768,128
Non-Current Liabilities			
Lease liability - non current	5	127,668,262	102,827,823
Employees defined benefit obligations		6,173,841	5,235,444
Total non-current liabilities		133,842,103	108,063,267
Total Liabilities		275,436,527	215,831,395
Shareholders' Equity			
Capital	9	95,000,000	95,000,000
Statutory reserve		2,362,289	2,362,289
Retained earnings		32,274,089	21,232,224
Total Shareholder's Equity		129,636,378	118,594,513
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		405,072,905	334,425,908

"The accompanying notes from (1) to (13) constitute an integral part of these interim condensed financial statements"


Ramy Mamdouh
Finance Manager


Adulaziz Khojah
Chief Executive officer


Omar Khojah
Chairman

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Interim condensed Statement of Comprehensive Income
for the six months period Ended June 30, 2023 (Unaudited)

EXHIBIT "B"

	Note	For the six months ended at June 30, (Unaudited)	
		2023 (SR)	2022 (SR)
Sales-net		204,133,493	171,801,800
Cost of Sales		(137,446,963)	(118,296,492)
Gross profit		66,686,530	53,505,308
Selling and distribution expenses		(48,721,039)	(39,150,008)
General and administrative expenses		(4,803,815)	(4,847,360)
Finance expenses		(2,580,465)	(2,900,235)
Operating profit for the period		10,581,211	6,607,705
Other revenues		2,149,229	1,038,387
Net profit before Zakat		12,730,440	7,646,092
Zakat differences		(363,329)	-
Zakat		(1,034,631)	(805,730)
Net income after zakat		11,332,480	6,840,362
Other Comprehensive Income			
Items that will not be classified to income statement in subsequent periods			
Re-measurement of employees defined benefit obligation	8	(290,615)	2,187,353
Other Comprehensive(loss) Income for period		(290,615)	2,187,353
Other Comprehensive Income for period		11,041,865	9,027,715
Earning per share			
Basic earning per share for the period from main operations	10	1.11	1.30
Basic earning per share from net income for the period	10	1.19	1.35
Weighted average number of shares	10	9,500,000	5,078,268

"The accompanying notes from (1) to (13) constitute an integral part of these interim condensed financial statements"

Ramy Mamdouh
Finance Manager



Adulaziz Khojah
Chief Executive officer



Omar Khojah
Chairman



Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Interim Condensed Statement of Changes in Shareholders' Equity (Unaudited) for the six-month period ended June 30, 2023 **EXHIBIT "C"**

	Note	Capital (SR)	Statutory reserve (SR)	Retained Earnings (SR)	Total Sharholders' Equity (SR)
For the period ended June 30, 2023					
Balance at the beginning of the year (audited)		95,000,000	2,362,289	21,232,224	118,594,513
Net income for the period after Zakat- EXHIBIT "B "		-	-	11,332,480	11,332,480
Re-measurement of defined benefit obligations		-	-	(290,615)	(290,615)
Total comprehensive income		-	-	11,041,865	11,041,865
Balance at the end of the period (unaudited)		-	-	32,274,089	129,636,378
For the period ended June 30, 2022					
Balance at the beginning of the period (audited)		560,000	168,000	7,974,885	8,702,885
Net income for the period after Zakat- EXHIBIT "B "		-	-	6,840,362	6,840,362
Re-measurement of defined benefit obligations		-	-	2,187,353	2,187,353
Total comprehensive income		-	-	9,027,715	9,027,715
Transferred to capital (*)		6,491,268	-	(6,491,268)	-
Additional paid in capital (*)		87,948,732	-	-	87,948,732
Balance at the end of the period (unaudited)		95,000,000	168,000	10,511,332	105,679,332

(*) On April 2, 2022, the shareholders decided to increase the capital from SR 560,000 to SR 95,000,000, as all parties fulfilled their rights from each other, and the regulatory procedures were completed at the Ministry of Commerce and Investment - Note (9).

"The accompanying notes from (1) to (13) constitute an integral part of these interim condensed financial statements"

Ramy Mamdouh
Finance Manager

Adulaziz Khojah
Chief Executive officer

Omar Khojah
Chairman

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Interim Condensed Statement of Cash Flows for the six-month period
Ended June 30, 2023 (Unaudited)

EXHIBIT "D"

	For the six months ended at June	
	30 (Unaudited)	
	2023	2022
	(SR)	(SR)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period before Zakat- EXHIBIT "B"	12,730,440	7,646,092
Adjustments to reconcile net income for the period before Zakat to net cash from operating activities		
Depreciation of property and equipment	3,778,668	2,948,726
Depreciation of right of use asset	9,776,636	6,970,219
Amortization of intangible assets	85,000	85,001
Gain from sale of right of use assets	(52,097)	-
Interest of lease obligations	2,439,998	2,809,293
Employees defined benefit obligation -charged	669,685	832,897
Interest of defined employees benefit obligations	140,467	90,942
Changes in Operating Assets and Liabilities		
Accounts receivable	(10,435,961)	5,905,589
Inventory	(6,007,657)	(15,156,032)
Other debit balances	735,325	(670,297)
Due from related parties	646,963	(7,056)
Accounts payable	27,627,848	14,743,889
Other credit balances	3,580,773	(1,787,027)
Net Cash from operation	<u>45,716,088</u>	<u>24,412,236</u>
Zakat paid	(363,329)	(416,413)
Employees defined benefit obligations - paid	(162,371)	(300,059)
Net Cash from Operating Activities	<u>45,190,388</u>	<u>23,695,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of projects under constructions	(21,513,710)	-
Additions of property and equipment	(3,293,779)	(8,318,978)
Net Cash used in Investing Activities	<u>(24,807,489)</u>	<u>(8,318,978)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease liabilities - paid	(16,040,135)	(11,383,352)
Due to related parties	(1,000,000)	19,553,470
Net Cash (used in) from Financing Activities	<u>(17,040,135)</u>	<u>8,170,118</u>
Net change in cash and cash equivalents	<u>3,342,764</u>	<u>23,546,904</u>
Cash and cash equivalents at the beginning of the period	4,054,705	4,217,396
Cash and cash equivalents at the end of the period	<u>7,397,469</u>	<u>27,764,300</u>
Additional non-cash information		
Transfer to capital from related parties	-	87,948,732
Transfer to capital from retained earnings	-	6,491,268
Transfer from projects under construction to property, and equipment	4,839,377	-
Transfer from depreciation of right-of-use assets to property and equipment	2,600,013	743,413
Transfer interest of lease liabilities to property and equipment	114,748	116,480

The Accompanying Notes from (1) to (13) constitute an Integral Part of These Interim Condensed Financial Statements"

Ramy Mamdouh
Finance Manager



Adulaziz Khojah
Chief Executive officer



Omar Khojah
Chairman



Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to the Interim Condensed Financial Statements (Unaudited) for the six-month period
Ended June 30, 2023

1. Company Information

- Al- Mujtama Leading Medical Company is a Saudi joint stock company in Kingdom of Saudi Arabia under the commercial registration no. 4030241534 on Rabi' al-Thani 14, 1434(H) corresponding to February 25, 2013(G) . The company's activity is pharmacies.
- On April 2, 2022, the shareholders decided to change the company's name from Al- Mujtama Jeddah Pharmaceutical Company to Al- Mujtama Leading Medical Company.
- On Muharram 4, 1444 (H), corresponding to August 2, 2022(G) , the company was converted from a limited liability company to a closed Saudi joint stock company, and the Ministry of Commerce approved the conversion of the legal entity, furthermore the company's capital shares were changed - note no. (9).
- The company's address is located in Jeddah - Al-Hamdaniya District, P.O. Box: 23761.
- The financial statements are a translation of the statutory financial statements in the Arabic language to which reference should be made.

2. Basis of preparation

a) Applied accounting standards

- These interim condensed financial statements for the six month ended as of June 30, 2023 have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other pronouncements and other standards endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).
- These re-issued condensed financial statements for the six-month period ended on June 30, 2023 replace the interim condensed financial statements previously issued on Muharram 26, 1445 AH, corresponding to August 13, 2023. The company's management has decided to re-issue these financial statements to provide additional information about transactions with the Chairman of the Board of Directors as disclosed in note (7) to the financial statements. There were no amendments to the financial statements previously issued on August 13, 2023 or its notes, and there were no additional subsequent events.
- The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements prepared in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia and international standards and other pronouncement approved by the Saudi Organization for Chartered and Professional Accountants, and should be read in conjunction with the company's annual financial statements as of December 31, 2022 , Results for the six-month period ended June 30, 2023 are not necessarily indicative of the results expected on December 31, 2023.

b) Basis of measurement

These interim condensed financial statements have been prepared on a historical cost basis, using the accrual principle of accounting and the going concern assumption , except for employee benefit obligations, which are recognized at the present value of future obligations using the projected unit credit method.

c) Functional and presentation currency

These the interim condensed financial statements have been presented in Saudi Riyals, which represents the functional and presentation currency for the Company.

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to the Interim Condensed Financial Statements (Unaudited) for the six-month period Ended June 30,
2023 (Continued)

d) Estimates

- The preparation of unaudited condensed interim financial statements requires management to make certain judgments, estimates and assumptions that affect the application of the Company's accounting policies and the amounts presented for assets, liabilities, revenues and expenses and the cumulative change in actuarial losses for employee benefits. Actual results may differ from these estimates.
- Estimates and related assumptions are reviewed on an ongoing basis. Adjustments resulting from accounting estimates are reflected in the period under review and in future periods affected by these adjustments
- The significant judgments made by management in applying the Company's accounting policies and the principal sources of uncertainty in estimates were similar to those judgments applied in the Company's annual financial statements.

3. Summary of significant accounting policies

- The accounting policies used in the interim condensed financial statements are consistent with those followed in the preparation of the financial statements ended December 31, 2022, except for the application of new standards and amendments to standards and interpretations described in Note (12).

4. Property and equipment - net

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<u>Cost</u>	<u>(SR)</u>	<u>(SR)</u>
Balance at the beginning of the period/ year	75,182,960	67,351,905
Addition during the period/year	3,293,779	5,913,061
Transferred from projects under construction to property and equipment	4,839,377	1,917,994
Balance at the end of the period / year	83,316,116	75,182,960
<u>Accumulated depreciation</u>		
Balance at the beginning of the period /year	40,601,900	36,261,309
Addition during the period/year	3,778,668	4,340,591
Balance at the beginning of the period/year	44,380,568	40,601,900
Net book value	38,935,548	34,581,060

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to the Interim Condensed Financial Statements (Unaudited) for the six-month period Ended June 30,
2023 (Continued)

5. Right of use asset-net

The company has lease contracts for pharmacy branches and warehouses as follows:

- The lease term is more than 1 year to 20 years.
- The lease payments are semiannually and annually.
- The lessee is obligated to pay the amount of the remaining contract if the lessee terminated the contracts.

a) This item consist of the following:

	June 30, 2023	December 31, 2022
<u>Cost</u>	(SR)	(SR)
Balance at the beginning of the period/ year	196,104,810	176,013,747
Addition during the period/year	46,170,661	50,301,861
Disposal during the period/year (*)	<u>(16,391,877)</u>	<u>(30,210,798)</u>
Balance at the end of the year	225,883,594	196,104,810
<u>Accumulated amortization</u>		
Balance at the beginning of the period / year	72,821,123	57,736,135
Addition during the period/year	12,376,649	20,554,419
Disposal during the period/year (*)	<u>(11,182,185)</u>	<u>(5,469,431)</u>
Balance at the end of the period / year	74,015,587	72,821,123
Net book value	151,868,007	123,283,687

b) Movement of lease liabilities during the year is as follows:

	June 30, 2023	December 31, 2022
	(SR)	(SR)
Balance at the beginning of the period/ year	123,071,335	117,938,823
Addition during period/year	46,170,661	50,301,861
Interest of lease liabilities	2,554,746	4,471,192
Paid during the period/ year	(16,040,135)	(26,675,500)
disposal during the period	<u>(5,261,789)</u>	<u>(22,965,041)</u>
Balance at the end of the period / year	150,494,818	123,071,335

(*) Disposals represent changing old paper contracts to electronical contracts in addition to close branches.

- Lease liabilities at the end of the year comprise the following:

	June 30, 2023	December 31, 2022
	(SR)	(SR)
Current portion	22,826,556	20,243,512
Non-current portion	127,668,262	102,827,823

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to the Interim Condensed Financial Statements (Unaudited) for the six-month period Ended June 30, 2023 (Continued)

6. Projects under construction

a) This item consists of the following:

	June 30, 2023	December 31, 2022
	SR	SR
Balance at the beginning of the period/ year	15,084,803	67,772
Additions during the period/ year	21,513,710	13,667,200
Transferred to property, and equipment	(4,839,377)	(1,917,994)
Transferred from right of use assets (*)	2,714,761	3,267,825
Balance at the beginning of the period/ year	34,473,897	15,084,803

(*) This item consists of the following:

	June 30, 2023	December 31, 2022
	SR	SR
Depreciation related to right-of-use assets	2,600,013	3,030,143
Lease liability interest	114,748	237,682
Total	2,714,761	3,267,825

b) These projects represent establishment of warehouses and branches for the company and are expected to be completed during the last quarter of 2023.

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to The Interim Condensed Financial Statements (Unaudited) for the six-month period
Ended June 30, 2023 (Continued)

7. Transaction with Related Parties

a) Due from related Party:

	Nature of Relation	Nature of Transaction	Net-transaction during the period (SR)	Balance at the end of the period (SR)	Balance at the beginning of the period (SR)
Yusuf Omar Yusuf Khoja	Shareholder/ board member	Loans	(646,963)	-	646,963
Total			(646,963)	-	646,963

b) Due to related party:

	Nature of Relation	Nature of Transaction	Net-transaction during the period (SR)	Balance at the end of the period (SR)	Balance at the beginning of the period (SR)
Omar Yusuf Yuldash Khoja	Shareholder/ chairman of board directors	Financing Rents	(1,000,000) (638,255)	7,000,000	8,000,000
Total			(1,638,255)	7,000,000	8,000,000

c) Senior management benefits amounted to SR 282,000 as of June 30, 2023 (an amount of SR 610,829 as of December 31, 2022).

d) The amount of lease contracts signed with the related party - Mr. Omar Yousef Khoja, Chairman of the Board of Directors, is to SR 1,110,000 , and during the first half of 2023, rental payments amounted to SR 638,255.

e) Prices and terms of transactions with related parties are approved by management.

f) Balances due to related parties are interest free, and there is no repayment schedule.

**Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia**

**Notes to The Interim Condensed Financial Statements (Unaudited) for the six-month period
Ended June 30, 2023 (Continued)**

8. Employees defined benefit obligations

General description of the defined employee benefit plan:

The company must pay the end of service (defined benefit plan) in accordance with the Saudi Labor Law Half of the salary of the last month for each year of the first five years of service, including fractions of the year in addition to the salary of the last month in full for each remaining / following years of service, including fractions of the year. Merit factors are applied in cases of resignation. And the end of service benefits is not funded.

Valuation methodology and key assumptions of the actuarial valuation:

In compliance with the requirements of International Accounting Standard No. (19) "Employee benefits", the projected unit credit method was used to determine plan commitments. Under this method, the expected cost of the benefits accrued is calculated for each benefit that the plan members will be entitled to who are on the job. The expected cost of the benefits payable depends on the entitlement formula and the length of service at the valuation date calculating benefits based on the employee's expectation that he will receive upon reaching retirement age. Plan obligations are the value of the current actuarial benefits accrued expected to all employees who are in active employment at the valuation date.

- The following are the components of the net benefit expenses recognized in the income statement and the amounts included in the statement of other comprehensive income and in the statement of financial position:

8-1 Defined benefit obligation:

	June 30, 2023	December 31, 2022
	(SR)	(SR)
Recognized obligation for a defined benefit	6,173,841	5,235,444

8-2 Movement in present value of defined benefit obligations:

	June 30, 2023	December 31, 2022
	(SR)	(SR)
Present value of the liabilities defined obligation at the beginning of the period/ year	5,235,445	6,764,008
Cost of the period/ year	669,685	1,665,795
Net interest cost	140,467	179,025
Payment during the period/year	(162,371)	(507,996)
Actuarial losses (gains) arising from re-measurement	290,615	(2,865,388)
Present value of defined obligations at the end of the period/year	6,173,841	5,235,444

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to The Interim Condensed Financial Statements (Unaudited) for the six-month period
Ended June 30, 2023 (Continued)

8-3 Expenses recognized in the income statement:

	June 30, 2023	December 31, 2022
	(SR)	(SR)
Current service cost	669,685	1,665,795
Net interest expense	140,467	179,025
Total	810,152	1,844,820

8-4 Actuarial loss (gains) recognized in the statement of comprehensive income:

	June 30, 2023	December 31, 2022
	(SR)	(SR)
Actuarial losses (gains) during the year	290,615	(2,865,388)
Net actuarial loss (gain) at the end of the year	290,615	(2,865,388)

8-4-1 The main assumptions used for the purposes of actuarial valuations are as follows:

	June 30, 2023	December 31, 2022
Discount rate	4.75%	5.00%
The expected rate of salary increase	1.00%	2.00%

8-5 The principal assumptions used for the purposes of the actuarial valuations were as follows:

		June 30, 2023	December 31, 2022
		(SR)	(SR)
Discount rate	1% decrease	6,767,528	5,731,583
	Base	6,173,841	5,235,445
	1% increase	5,672,113	4,815,721
Inflation rate of salaries	1% decrease	5,663,496	4,777,627
	Base	6,173,841	5,235,445
	1% increase	6,780,391	5,769,412

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to The Interim Condensed Financial Statements (Unaudited) for the six-month period
Ended June 30, 2023 (Continued)

9. Capital

The company's capital is SR 560,000 , divided into 100 equal shares, of SR 5,600, distributed as follows:

<u>Sharholders</u>	<u>Number of shares</u>	<u>Ownership percentage</u>	Share value	<u>Capital</u>
		%		SR
Abdul Aziz Omar Yusuf Khoja	51	51	5,600	285,600
Ajyad alshamela Company Limited	49	49	5,600	274,400
Total	100	100		560,000

- On February 24, 2022 (G), the partner, Ajyad Al shamela Company Limited, decided to assign all of its shares in capital, amounting to 49 shares, amounting to SR 274,400 each, along with its rights and obligations, to Khabeer Al Thani Investment Company. On February 24, 2022, partner Abdulaziz Omar Yuldash Khoja waived part of his shares in capital of 50 shares, amounting to SR 280,000 each, along with his rights and obligations, to the new partner, Omar yusuf Yuldash Khoja. Accordingly, the distribution of the company's capital became as follows:

<u>Shareholders</u>	<u>Number of shares</u>	<u>Ownership percentage</u>	Share value	<u>Capital</u>
		%		SR
Omar Yusuf Yuldash Khoja	50	50	5,600	280,000
Khabeer althanyia Investment Company	49	49	5,600	274,400
Abdul Aziz Omar Yusuf Khoja	1	1	5,600	5,600
Total	100	100		560,000

- On April 2, 2022, the shareholders decided to increase the capital from SR 560,000 Saudi to SR 95,000,000, as all parties fulfilled their rights from each other, and the legal procedures were completed at the Ministry of Commerce.

<u>Shareholders</u>	<u>Number of shares</u>	<u>Ownership percentage</u>	Share value	<u>Capital</u>
		%		SR
Omar Yusuf Yuldash Khoja	4,750,000	50	10	47,500,000
Khabeer althanyia Investment Company	4,655,000	49	10	46,550,000
Abdul Aziz Omar Yusuf Khoja	95,000	1	10	950,000
Total	9,500,000	100		95,000,000

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to The Interim Condensed Financial Statements (Unaudited) for the six-month period
Ended June 30, 2023 (Continued)

- On Muharram 4, 1444 (H), corresponding to August 2, 2022 (G), the Ministry of Commerce approved the transformation of the legal entity of the company from a limited liability company to a closed joint stock company, and the capital shares were changed, and accordingly the shareholders' shares became as follows:

<u>Shareholders</u>	<u>Number of shares</u>	<u>ownership percentage</u>	<u>share value</u>	<u>Capital</u>
		%		SR
Omar Yusuf Yuldash Khoja	3,637,784	38.29	10	36,377,840
Khabeer althanyia Investment Company	630,673	6.64	10	6,306,730
Ajyad alshamela Company Limited	205,697	2.17	10	2,056,970
Other shareholders(100 shareholder)	5,025,846	52.90	10	50,258,460
Total	9,500,000	100		95,000,000

10. Earning per share

Basic earnings per share from net income of the period is calculated by dividing the net profit for the period by the weighted average number of shares outstanding at the end of the period, which amounted to 9,500,000 shares. Basic earnings per share from main operations for the period is calculated by dividing the net profit for the period from the main operation by the weighted average number of shares outstanding as of the end of the period, which amounted to 9,500,000 shares. Diluted earnings per share are equal to basic earnings per share as the company does not have any convertible shares.

11. Financial assets and liabilities

This item consists of the following:

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	(SR)	(SR)
Financial Assets		
Financial assets measured at amortized cost - less impairment		
Cash and cash equivalents	7,397,469	4,054,705
Accounts receivable - net	20,770,633	10,334,672
Other debit balances	8,531,332	9,266,657
Due from related parties	-	646,963
Total	36,699,434	24,302,997
Financial Liabilities		
Financial liabilities measured at ammortized cost		
Accounts payable	100,556,774	72,928,926
Zakat Provision	3,298,047	2,263,416
Other credit balances	7,913,047	4,332,274
Lease Liability	150,494,818	123,071,335
Total	262,262,686	202,595,951

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to The Interim Condensed Financial Statements (Unaudited) for the six-month period
 Ended June 30, 2023 (Continued)

12. New and Revised International Financial Reporting Standards and Interpretations

a) IFRSs and the new amended effective interpretations:

The following amended IFRSs, that became effective, were adopted for the financial starting on or after 1 January 2023 in the preparation of the Company's financial statements. The adoption of the mentioned amendments did not materially affect the amounts and disclosures included in the financial statements of the current period. The following table summarizes the details of the amendments:

IFRS or Interpretation	Description	Effective Date
IFRS 17, insurance contracts	<p>IFRS 17 was issued in May 2017 to supersede IFRS 4, <i>insurance contracts</i>.</p> <p>The existent measuring model requires the remeasurement of estimates, where they exist, in each reporting period. Contracts should be measured using the following bases:</p> <ul style="list-style-type: none"> • Weighted average discounted cashflows; • Explicit adjustment to risks; and • The contractual service margin that represents the unrealized profit from the contract that will be recognized as revenues during the coverage period. <p>IFRS 17 requires the entity to measure the insurance assets at the present value of fulfillment, and provides a specific unified measuring and presentation approach for all insurance contracts. These requirements were designed to achieve the objective of consistent principle- based accounting for insurance contracts.</p>	1 January 2023 Deferred from 1 January 2021
Classification of liabilities as current or noncurrent, amendments to IAS 1	<p>The amendments to the presentation of financial statements show that the liabilities are classified as current or noncurrent based on the rights at the end of the reporting period. This classification is not affected by the entity's expectations or subsequent events.</p> <p>The amendments to the classification of liabilities as current or non-current (amendments to IAS 1) only affect the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of an asset, liability, revenue, expense, or information disclosed by an entity about such items.</p>	1 January 2023 (Deferred from 1 January 2022)
Disclosure of accounting policies Amendments to IAS 1, and practice statement 2	<p>The amendments to IAS 1 require entities to disclose material instead of significant accounting policies and provide additional amendments that explain how an entity determines the material accounting policies. Examples are added to explain the cases where potential material accounting policies exist. To support the amendment, the IASB has developed guidance and examples to explain and demonstrate the application of "the four-step materiality process" included in IFRS practice statement 2. Once the entity applies the amendments to IAS 1, it is permitted to apply the amendments to IFRS practice statement 2. Entities should apply the amendments prospectively.</p>	1 January 2023

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to The Interim Condensed Financial Statements (Unaudited) for the six-month period
Ended June 30, 2023 (Continued)

IFRS or Interpretation	Description	Effective Date
Definition of accounting estimates Amendments to IAS 8,	Amendments to IAS 8, <i>accounting policies, changes in accounting estimates and errors.</i> The amendments replace the definition of changes in accounting estimates with the definition of accounting estimates. According to the new definition, the accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error.	1 January 2023
Amendments to IAS 12, income taxes The deferred tax related to assets and liabilities arising from a single transaction.	The amendments require the entity to recognize the deferred taxes on the transactions that give rise, at the initial measurement, to equal amounts of taxable and deductible temporary differences. The amendments typically apply to transactions such as leases of lessees and end of service obligations, and will require the affected entities to recognize additional deferred taxes, assets and liabilities. This means that the initial recognition exemption will not apply to the transactions that give rise to to equal amounts of taxable and deductible temporary differences at initial recognition.	1 January 2023
Initial Application of IFRS 17 and IFRS 9 – Comparative Information (amendment to IFRS 17)	The amendment permits entities that apply IFRS 17 and IFRS 9 simultaneously for the first time to present comparative information about the financial assets as if the classification requirements in IFRS 9 have been applied previously on these financial assets.	1 January 2023
IFRS 17, <i>insurance contracts</i>	IFRS 17 was issued in May 2017 to supersede IFRS 4, insurance contracts. IFRS 17 requires the entity to measure the insurance liabilities at the present value of fulfillment, and provides a specific unified measuring and presentation approach for all insurance contracts.	1 January 2023

Al- Mujtama Leading Medical Company
A Saudi Joint Stock Company
Jeddah- Kingdom of Saudi Arabia

Notes to The Interim Condensed Financial Statements (Unaudited) for the six-month period
 Ended June 30, 2023 (Continued)

b) IFRSs and the new amended interpretations that are not effective yet

The Company did not adopt any of the following new amended standards that were issued but not yet effective:

IFRS or Interpretation	Statement	Effective Date
Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate or joint venture	The amendments address the inconsistencies between IFRS 10 and IAS 28 in dealing with loss of control over a subsidiary that was sold, or contributions in an associate or joint venture.	Postponing the effective date indefinitely; early application is permitted
Amendments to IAS (1) Presentation of the financial statements, when classifying liabilities as current and non-current, and non-current liabilities with commitments	The amendments to the presentation of financial statements show that the liabilities are classified as current or noncurrent based on the rights at the end of the reporting period and non-current liabilities with commitments.	1 January 2024
Amendments to IFRS 16, leases Lease liability in a sale and leaseback	The amendments require the seller-lessee to subsequently measure the lease liabilities arising from the leaseback in a manner that does not recognize any amount of profit or loss related to the right-of-use retained.	1 January 2024
Amendments to IAS 7 and IFRS 7	Enhancing disclosures of supplier financing procedures regarding the company's obligations.	1 January 2024

The management of the does not expect that these standards will have a material impact on the Financial statements when applied in future financial .

13. Approval of The interim condensed Financial Statements

The interim condensed financial statements were approved for issuance by the Board of Directors on Rabi' al-Awwal. 7, 1445(H) corresponding to September 22, 2023(G).



صيدلية المجتمع الرائدة

Healthy, Conscious Society



صيدلية المجتمع الرائدة

ALMUJTAMA PHARMACY

FOR A HEALTHY, CONSCIOUS SOCIETY