

PMX ProMedEx

Professional Medical Expertise Company (the "Company") is a Saudi joint stock company pursuant to Ministerial resolution No. 788 issued on 24/05/1443H (corresponding to 12/28/2021G) with Commercial Registration No. 2052001627 issued in Dhahran on 14/08/1431H (corresponding to 26/07/2010G).

Offering of one million fifty thousand (1,050,000) ordinary shares representing 30% of the Company's total Share Capital on the Parallel Market "Nomu" to Qualified Investors at a price of SAR (68) per share

Professional Medical Expertise Company Prospectus



Offering Period

Starting from:

Sunday: 21/12/1444H

corresponding to 09/07/2023G

Ending on:

Saturday: 28/12/1444H

corresponding to 16/07/2023G

Financial Advisor and Lead Manager

السعودي الفرنسي كابيتال
Saudi Fransi Capital



Professional Medical Expertise Company (hereinafter referred to as "the Company" or the "Issuer") is a Saudi joint stock company established under Commercial Registration No. 2052001627 dated 14/08/1431H (corresponding to 26/07/2010G) issued in Dhahran, pursuant to Ministerial resolution No. 788 issued on 24/05/1443H (corresponding to 12/28/2021G). The Company's current capital is thirty-five million Saudi Riyals (SAR 35,000,000) divided into three million five hundred thousand (3,500,000) ordinary shares paid in full, with a nominal value of ten Saudi Riyals (SAR 10) per share.

The Company was initially established under the name of Socrates Specialized Trading Company by Ms. Nouf Ahmed Abdullah Al-Bassam and Mr. Nasser Mubarak Abdullah Al-Qahtani as a Saudi limited liability company, with a capital of one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) fully paid shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, pursuant to the articles of association registered with the notary public at the Ministry of Commerce on 06/14/1430H (corresponding to 06/07/2009G) and Commercial Registration No. 2051040259 dated 24/06/1430H (corresponding to 17/06/2009G) issued from Al Khobar.

On 05/08/1431H (corresponding to 17/07/2010G) the Company's registered office was moved to Dhahran, thus the Company was thereafter registered under Commercial Registration No. 2052001627 dated 14/08/1431H (corresponding to 26/07/2010G) issued in Dhahran.

On 03/09/1433H (corresponding to 22/07/2012G), Mr. Nasser Mubarak Abdullah Al-Qahtani waived all of his five (5) shares in the Company to Mr. Abdulrahman Sameer Suleiman Al-Omran as a new shareholder in the Company, and the Company's name changed from Socrates Specialized Trading Company to Professional Medical Expertise Company. On 03/06/1434H (corresponding to 13/04/2013G), Mr. Abdulrahman Sameer Suleiman Al-Omran waived all of his five (5) shares in the Company to Mr. Mohammad Jamal Mohammad Al-Mudayan as a new shareholder in the Company.

On 28/12/1435H (corresponding to 22/10/2014G), Ms. Nouf Ahmed Abdullah Al-Bassam waived all her shares in the Company, which amounted to ninety-five (95) shares, to Al-Omran Holding Company as a new shareholder in the Company. Furthermore, Mr. Abdulrahman Sameer Suleiman Al-Omran waived all his shares in the Company, amounting to five (5) shares, to Elite Investments Company as a new Shareholder in the Company. On 08/06/1441H (corresponding to 02/02/2020G), Al-Omran Holding Company waived its shares, amounting to thirty (30) shares out of its total shares of sixty-five (65) shares in the Company, and Elite Investments Company waived all its shares in the Company to Care 2 Health Trading LLC (sole shareholding) as a new shareholder in the Company. On 21/11/1441H (corresponding to 12/07/2020G), the Company's capital was increased from one hundred thousand Saudi Riyals (SAR 100,000) to one hundred and thirty thousand Saudi Riyals (SAR 130,000) divided into one hundred thirty (130) fully paid shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, through the issuance of new shares in favor of Care 2 Health Trading LLC and in favor of Mr. Riyadh Abdullah Rashid Abunayan as a new shareholder in the Company, in exchange for a cash contribution. On 28/03/1443H (corresponding to 03/11/2021G), the Company's capital was increased from one hundred and thirty thousand Saudi Riyals (SAR 130,000) to five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) fully paid shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, by way of issuance of new shares in favor of every shareholder, in exchange for a cash contribution.

On 05/05/1443H (corresponding to 09/12/2021G), the shareholders approved the conversion of the Company from a limited liability company to a (closed) joint stock company with a share capital of five hundred thousand Saudi Riyals (SAR 500,000) divided into fifty thousand (50,000) ordinary shares and on 24/05/1443H (corresponding to 28/12/2021G), the Ministry of Commerce issued resolution No. 788 approving the announcement of the Company's conversion, and all procedures have been completed, including the amendment of the Commercial Register.

On 20/11/1443H (corresponding to 19/06/2022G), the Extraordinary General Assembly approved the Company's capital increase from five hundred thousand Saudi Riyals (SAR 500,000) to thirty-five million Saudi Riyals (SAR 35,000,000) divided into three million five hundred thousand (3,500,000) ordinary shares paid in full through the transfer of twenty-seven million two hundred eighty-six thousand six hundred and thirteen Saudi Riyals (SAR 27,286,613) from Related Parties through a credit relationship to the capital account and the transfer of seven million two hundred thirteen thousand three hundred and eighty-seven Saudi Riyals (SAR 7,213,387) from the retained earnings account to the capital account.

The Company's current capital is thirty-five million Saudi Riyals (SAR 35,000,000) divided into three million five hundred thousand (3,500,000) ordinary shares paid in full, with a nominal value of ten Saudi Riyals (SAR 10) per share. All of the Company's shares are ordinary shares of one class. Every shareholder (hereinafter referred to as the "Shareholder"), regardless of the number of his/her shares, is entitled to attend and vote at the meetings of the general assembly (the "General Assembly") and each share gives its holder the right to one vote.

The Offer Shares are entitled to any profits announced by the Company from the date of this Prospectus and for any subsequent financial years (please refer to Section 5 ("DIVIDEND DISTRIBUTION POLICY") of this Prospectus).

The Offering will be directed to Qualified Investors for one million and fifty thousand (1,050,000) ordinary shares (hereinafter referred to as the "Offer Shares") with a nominal value of ten Saudi Riyals (SAR 10) per share. The Offering Price will be Eighty six Saudi Riyals (SAR (68)). The Offer Shares represents in total 30% of the Company's share capital (the "Offering"). As at the date of this Prospectus, the Company has Substantial Shareholders that collectively own 100% of its capital, which are Al-Omran Holding Company (50%), Care 2 Health Trading LLC (40%) and Riyadh Abdullah Abunayan (10%). (For further details regarding the Substantial Shareholders, please see Section 3.6.1 ("The Company's Ownership Structure Chart") of this Prospectus). Substantial Shareholders are prohibited from disposing of their shares for a period of twelve (12) months from the he starting date of trading the Company shares on the Parallel Market (the "Lock-up Period"), and they may dispose of their shares after elapse of the Lock-up Period without prior consent from the Capital Market Authority in the Kingdom of Saudi Arabia (the "CMA").

Subscription to the Offer Shares on the Parallel Market will be limited to the categories of Qualified Investors, according to the definition of the Qualified Investor in the Amended Glossary of Defined Terms Used in the

Regulations and Rules of the Capital Market Authority and in the Glossary of Defined Terms in the Exchange Rules (the "Market" or "Exchange") as follows:

1. Capital Market Institutions acting for their own account.
2. Clients of a Capital Market Institution licensed to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment on the Parallel Market, on the client's behalf, without obtaining prior approval from the client.
3. The Government of the Kingdom, any government body, any supranational authority recognized by the CMA or the Exchange, and any other stock exchange recognized by the CMA or the Securities Depository Center.
4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorized to carry out managing activities.
5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6. Investment Funds.
7. Non-resident foreigners permitted to invest on the Parallel Market and who meet the requirements stipulated in the Guidance Note for the Investment of Non-Resident Foreigners on the Parallel Market.
8. Qualified foreign financial institutions.
9. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center.
10. Natural persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center, and fulfilling any of the following criteria:
 - (a) Has conducted transactions in security markets of not less than SAR 40 million in total, and not less than ten transactions in each quarter during the last twelve months.
 - (b) Holds net assets of not less than SAR 5 million.
 - (c) Works or has worked for at least three years in the financial sector.
 - (d) Holds the General Securities Qualification Certificate which is recognized by the CMA.
 - (e) Holds a professional certificate that is related to securities business and accredited by an internationally recognized entity.
11. Any other persons as specified by the CMA.

The Offer Shares will be sold by the Shareholders whose names appear on page (4) (referred to as the "Selling shareholders") who, prior to the Offering, own 100% of the Company's shares. After the completion of the Offering, the Selling Shareholders will own 70% of the Company's shares. The Offering Proceeds, after deducting the Offering Expenses, will be paid to the Selling Shareholders, and the Company will not receive any amount from the Offering Proceeds (please refer to Section 6 ("USE OF OFFERING PROCEEDS") of this Prospectus).

The Offering period begins on Sunday 21/12/1444H (corresponding to 09/07/2023G) and continues for a period of (8) Days, up to and including the subscription closing day at the end of Sunday 28/12/1444H (corresponding to 16/07/2023G) (the "Offering Period"), whereby subscription applications for the Offer Shares can be submitted through the Lead Manager's website ("Saudi Fransi Capital") whereby Qualified Investors will be able to subscribe to the Offer Shares during the Offering Period. Qualified investors will have the opportunity to study the investment opportunity and view any additional information available through a data room in which all documents are displayed (please refer to Section 12 ("DOCUMENTS AVAILABLE FOR INSPECTION") of this Prospectus). A minimum of ten (10) shares will be subscribed for each Qualified Investor, noting that the maximum subscription is one hundred seventy-four thousand and nine hundred and ninety-nine (174,999) shares for each Qualified Investor. Subscription to the Offer Shares will be made through the submission of the Subscription Application Form, and transferring the funds to the subscription account for the Offering according to the Subscription Application Form. The final allocation for the Offer Shares will be announced no later than Wednesday 01/01/1445H (corresponding to 19/07/2023G) ("Allocation Date"), and the surplus will be refunded within two (2) Business Days from the Allocation Date, and there will be no commissions or deductions from the Lead Manager or the Company, and the surplus shall be refunded no later than on Sunday 05/01/1445H (corresponding to 23/07/2023G). For more details about the terms, conditions and instructions of the Offering, please refer to Section 9 ("INFORMATION RELATING TO THE SHARES AND OFFERING TERMS AND CONDITIONS") of this Prospectus).

Prior to this Offering, the Company's shares have never been listed or traded in any stock market, whether inside or outside the Kingdom. The company has submitted an application to the CMA to register its shares and offer them on the Parallel Market (Nomu) in accordance with the Rules on the Offering of Securities and Continuing Obligations, and also submitted an application to list the shares to the Saudi Exchange ("Tadawul") in accordance with the Listing Rules. All required documents were submitted to the relevant authorities and all requirements were met, and all approvals relating to the registration of the shares and offering them on the Parallel Market (Nomu), including the CMA's approval on this Prospectus, were obtained.

It is expected that the trading of shares on the Parallel Market (Nomu) will begin soon after completion of the process of allocating shares, refunding the surplus and completing all relevant regulatory requirements (please refer to ("KEY DATES AND SUBSCRIPTION PROCEDURES") section on page (x) of this Prospectus). After the shares start trading on the Parallel Market (Nomu), Qualified Investors who meet the conditions, whether inside or outside the Kingdom, will be allowed to trade in the company's shares will be allowed to trade in the Company's shares. The ("IMPORTANT NOTICE") and ("RISKS FACTORS") sections of this Prospectus should be carefully considered by the Qualified Investors before making any decision to subscribe to the Offer Shares.

This Prospectus includes information provided as part of the application for registration and offering of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority"). The directors, whose names appear on page (iii) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omissions of which would make any statement in this Prospectus misleading. The Authority and the Exchange do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Investors wishing to purchase the shares offered under this Prospectus shall verify the information related to the shares being offered; and consult a licensed financial advisor when facing any difficulty understanding the contents of this Prospectus.

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two language versions

This Prospectus is dated 05/09/1444H (corresponding to 27/03/2023G).

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IMPORTANT NOTICE

This Prospectus provides complete detailed information about the Professional Medical Expertise Company and the Shares offered for subscription on the Parallel Market. Qualified Investors who apply to subscribe to the Offer Shares will be treated on the basis that their applications are based on the information contained in this Prospectus, a copy of which can be obtained from the website of the Company (www.promedex.com), or Saudi Fransi Capital (www.sfc.sa), the Capital Market Authority (www.cma.org.sa), or the Saudi Exchange (www.saudiexchange.sa). The Financial Advisor and Lead Manager "Saudi Fransi Capital" will also announce on the Saudi Exchange "Tadawul" about publishing the Prospectus and making it available to Qualified Investors during the period specified in accordance with the Rules on the Offer of Securities and Continuing Obligations (within a period of no less than fourteen (14) days prior to the Offering) and any other developments.

This Prospectus contains information submitted in accordance with OSCOs requirements issued by the CMA in the Kingdom. The Directors whose names appear on page (iii) collectively and individually bear all responsibility for the accuracy of the information contained in this Prospectus, and they confirm to the best of their knowledge and belief, after conducting all possible studies and to a reasonable extent, there are no other facts that omission of which would make any statement herein misleading.

The CMA and the Saudi Exchange take no responsibility for the contents of this Prospectus, and they do not give any assurances regarding its accuracy or completeness, and they expressly disclaim any responsibility whatsoever for any loss resulting from the information mentioned in the Prospectus or from depending on any part thereof.

The issuer has appointed Saudi Fransi Capital as Financial Advisor and lead manager (the "**Lead Manager**"), in relation to the Offering of Shares described in this Prospectus (for more information, please refer to Section 10 ("**SUBSCRIPTION DECLARATIONS**") of this Prospectus).

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the financial position of the Company and the value of the Shares may be adversely affected as a result of future developments related to inflation, interest rates, taxation, or other economic, political and other factors, over which the Company has no control over (please see Section 2 ("**RISKS FACTORS**") of this Prospectus). Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offer 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 Prospectus is not to be regarded as a recommendation on the part of the Company, its directors, the Selling Shareholders, or any of its advisors to participate in the Offering. The information provided in this Prospectus is of general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a financial advisor who is licensed by the CMA in relation to subscription to the Offer Shares and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and needs including the advantages and risks associated with investing in the Offer Shares. Investment in the Offer Shares may be suitable for some investors and not others. Potential investors should not rely on the decision and vision of another party to invest or not to invest as a basis for the study they are supposed to conduct with regard to their opportunity to invest or on the individual circumstances of those investors.

Subscription to the Offer Shares on the Parallel Market will be limited to the categories of Qualified Investors, according to the definition of the Qualified Investor in the Amended Glossary of Defined Terms Used in the Regulations as follows:

1. Capital Market Institutions acting for their own account.
2. Clients of a Capital Market Institution by the CMA to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment on the Parallel Market, on the client's behalf, without obtaining prior approval from the client.
3. The Government of the Kingdom, any government body, any supranational authority recognized by the CMA or the Exchange, and any other stock exchange recognized by the CMA or the Securities Depository Center.
4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorized to carry out managing activities.
5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6. Investment Funds.
7. Non-resident foreigners permitted to invest on the Parallel Market and who meet the requirements stipulated in the Guidance Note for the Investment of Non-Resident Foreigners on the Parallel Market.
8. Qualified foreign financial institutions.
9. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center.
10. Natural persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center, and fulfilling any of the following criteria:
 - a. Has conducted transactions in security markets of not less than SAR 40 million in total, and not less than ten transactions in each quarter during the last twelve months.
 - b. Holds net assets of not less than SAR 5 million.

- c. Works or has worked for at least three years in the financial sector.
- d. Holds the General Securities Qualification Certificate which is recognized by the CMA.
- e. Holds a professional certificate that is related to securities business and accredited by an internationally recognized entity.

11. Any other persons as specified by the CMA.

The Offer Shares will be sold by the Shareholders whose names appear on page (4) (hereinafter referred to as the “**Selling Shareholders**”) who, prior to the Offering, owned 100% of the Shares. Following the completion of the Offering, the Selling Shareholders will own 70% of the Shares. The Offering Proceeds, after deducting the Offering Expenses, will be refunded to the Selling Shareholders, and the Company will not receive any amount of the Offering Proceeds (please refer to Section 6 (“**USE OF OFFERING PROCEEDS**”) of this Prospectus).

FINANCIAL INFORMATION

The audited financial statements of the Company for the financial year ended on 31/12/2021G (which contain the comparison figures for the financial year ended on 31/12/2020G), and the reviewed financial statements for the financial period ended on 30/09/2022G, as included in this Prospectus, were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia (IFRS-KSA), as well as the standards and circulars adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The financial statements for the financial year ended on 31/12/2021G have been audited and the financial statements for the financial period ended on 30/09/2022G have been reviewed by Baker Tilly MKM & Co. Chartered Accountants, noting that the Company issues its financial statements in Saudi Riyals.

FORECASTS AND FORWARD-LOOKING STATEMENTS

Forecasts set out in herein have been prepared on the basis of assumptions relating to the Company's business information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute, or may be deemed to constitute, “forward-looking statements”. Such statements can generally be identified by the use of forward-looking terms such as “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, as many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The principal risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 (“**RISKS FACTORS**”) of this Prospectus). 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 herein.

Subject to the requirements under the OSCO's, the Company must submit a supplementary Prospectus to the CMA if, at any time after the CMA approval hereof, and prior to the completion of Direct Listing, the Company becomes aware that (i) there has been a significant change in any material information contained in herein; or (ii) significant additional issues have arisen whose inclusion in herein would have been necessary. With the exception of these two cases, the Company does not intend to update or change any sector or market information or the forward-looking-statements included herein, whether as a result of new information, future events or otherwise.

As a result of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed herein might not occur as the Company expects, or at all. Therefore, investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

CORPORATE DIRECTORY

The Company's Board of Directors

Name	Position	Nationality	Status	Date of Appointment [†]	Age	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
Dr. Sameer Sulaiman Al-Omran	Chairman	Saudi	Independent	04/08/2022G	60	-	-	-	-
Dr. Amr Mahmoud Abu Elamayem**	Vice Chairman	Egyptian	Executive	04/08/2022G	42	-	-	1.53%	0.77%
Abdulillah Abdullah Zahid***	Board Member	Saudi	Independent	04/08/2022G	72	-	-	4.45%	2.23%
Mohammed Jamal Al Modhayan****	Board Member	Saudi	Executive	28/12/2021G	33	-	-	2.50%	2.25%
Mohammad Sulaiman Al Harbi	Board Member	Saudi	Independent	04/08/2022G	57	-	-	-	-
Talal Abdullatif Al Abdulkareem	Board Member	Saudi	Non-Executive	28/12/2021G	44	-	-	-	-

Source: the Company

[†] The extraordinary general assembly appointed during its meeting dated 06/01/1444H (corresponding to 04/08/2022G) four members of the Board noting that Mr. Mohammed Jamal Al Modhayan and Mr. Talal Abdullatif Al Abdulkareem were previously appointed on 28/12/2021G.

** Dr. Amr Mahmoud Abu Elamayem holds an indirect ownership of 1.53% in the Issuer as a result of an indirect ownership of 3.8% in Care 2 Health Trading LLC, which in turn owns 40% of the Issuer's shares.

*** Mr. Abdulillah Abdullah Zahid holds an indirect ownership of 4.45% in the Issuer as a result of an indirect ownership of 11.1% in Care 2 Health Trading LLC, which in turn owns 40% of the Issuer's shares.

**** Mr. Mohammed Jamal Al Modhayan holds an indirect ownership of 2.50% in the Issuer as a result of an indirect ownership of 5% in Al-Omran Holding Company, which in turn owns 50% of the Issuer's shares.

Mr. Mohammed Jamal Al Modhayan holds an indirect ownership of 2.50% in the Company and is the Board Secretary appointed by circulation pursuant to Board resolution No. 1 dated 11/08/2022G.

It is worth noting that the standard adopted in assessing the independence of the Board members are based on the Corporate Governance Regulations issued by the CMA, which are set as follows:

1. if he/she holds five percent or more of the Company's shares, or of the shares of another company within its group; or is a relative of who owns such percentage;
2. if he/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group;
3. if he/she is a relative of any member of the Board of the Company, or any other company within the Company's group;
4. if he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group;
5. if he/she is a Board member of any company within the group of the Company nominated for which he/she is nominated to be a Board member;
6. if he/she is an employee or used to be an employee during the preceding two years, of the Company, of any party dealing with the Company or any company within its group, such as external auditors and or main suppliers; or if he/she, during the preceding two years, held a controlling interest in any such parties;
7. if he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account;
8. if the members of the Board receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or nay of its committees, whichever is less;
9. if he/she engages in a business where he/she competes with the Company, or conducting businesses in any of the company's activities;
10. if he/she served for more than nine years, consecutive or inconsecutive, as a Board member of the Company.

Company's Address

Professional Medical Expertise Company

Office No. 702, Fluor Arabia Building, floor 7
P.O Box 76646, Al Khobar 31952
Kingdom of Saudi Arabia
Phone: +966 (13) 857 6997
Fax: +966 (13) 857 7669
Website: www.promedex.com
Email: info@promedex.com



Company's Representatives

First Representative**Dr. Amr Mahmoud Abou ElAmayem**

Managing Director and Vice Chairman of the Board of Directors
Prince Saud Al-Faisal Street
Rawdah Business Center
Office #503, Floor 5
Prince Saud Al-Faisal Road
Jeddah 23434,
Kingdom of Saudi Arabia
Phone: +966 (12) 612 4949 (204)
Mobile: +966 54 678 7744
Fax: +966 (12) 612 5050
Website: www.promedex.com
Email: amr.amayem@promedex.com

Second Representative**Tamer El Akkad**

Finance Manager
Prince Saud Al-Faisal Street
Rawdah Business Center
Office #503, Floor 5
Prince Saud Al-Faisal Road
Jeddah 23434,
Kingdom of Saudi Arabia
Phone: +966 (12) 612 4949 (204)
Mobile: +966 56 662 1075
Fax: +966 (12) 612 5050
Website: www.promedex.com
Email: tamer.akkad@promedex.com

Stock Exchange

Saudi Exchange

King Fahad Road - Olaya 6897
Unit No. 15
P.O. Box 3388
Riyadh 12211
Kingdom of Saudi Arabia
Phone: +966 (92) 000 1919
Fax: +966 (11) 218 9133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa



The Advisors

Financial Advisor and Lead Manager

Saudi Fransi Capital

King Fahad Road 8092

P.O. Box 23454

Riyadh 3735 - 12313

Kingdom of Saudi Arabia

Phone: +966 (11) 282 6666

Fax: +966 (11) 282 6823

Website: www.sfc.sa

E-mail: Promedex.IPO@fransicapital.com.sa



Auditor

Baker Tilly MKM & Co. Chartered Accountants

Prince Mohammed Bin Abdulaziz street

Bin Hamran Center

P.O. Box 100890

Jeddah 23432

Kingdom of Saudi Arabia.

Phone: +966 (12) 633 9777

Fax: +966 (12) 663 1888

Website: www.bakertillyjfc.com

Email: info@bakertillyjfc.com



Note: Each of the Financial Advisor, Lead Manager and Auditor mentioned above have provided and have not withdrawn their written consent, as at the date of this Prospectus, to the publication of their names, logos and statements attributed to them in the context in which they appear in this Prospectus, and do not, nor their employees, nor any of their relatives have any shareholding or interest of any kind in the Company.

SUMMARY

This summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Therefore, this summary should be read as an introduction to this Prospectus, and prospective investors should read and review this Prospectus in its entirety, and any decision regarding investing in the Shares subject to Direct Listing should be based by prospective investors on all the information contained in this Prospectus as a whole. Accordingly, it is important to carefully consider the section “**IMPORTANT NOTICE**” and Section 2 (“**RISKS FACTORS**”), prior to making any investment decision in the Shares subject to Direct Listing hereunder.

<p>Company Name, Description and Incorporation</p>	<p>Professional Medical Expertise Company is a closed Saudi joint stock company established under Commercial Registration No. 2052001627 dated 14/08/1431H (corresponding to 26/07/2010G) issued in Dhahran, pursuant to Ministerial resolution No. 788 issued on 24/05/1443H (corresponding to 28/12/2021G). The Company's current capital is thirty-five million Saudi Riyals (SAR 35,000,000) divided into three million five hundred thousand (3,500,000) ordinary shares paid in full, with a nominal value of ten Saudi Riyals (SAR 10) per share.</p> <p>The Company was established under the name of Socrates Specialized Trading Company by Ms. Nouf Ahmed Abdullah Al-Bassam and Mr. Nasser Mubarak Abdullah Al-Qahtani as a Saudi limited liability company, with a capital of one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) fully paid shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, pursuant to the articles of association registered with the notary public at the Ministry of Commerce on 14/06/1430H (corresponding to 07/06/2009G) and Commercial Registration No. 2051040259 dated 24/06/1430H (corresponding to 17/06/2010G) issued from Al Khobar.</p> <p>On 05/08/1431H (corresponding to 17/07/2010G) the Company's registered office was moved to Dhahran, thus the Company was thereafter registered under Commercial Registration No. 2052001627 dated 14/08/1431H (corresponding to 26/07/2010G) issued in Dhahran.</p> <p>On 03/09/1433H (corresponding to 22/07/2012G), Mr. Nasser Mubarak Abdullah Al-Qahtani waived all of his five (5) shares in the Company to Mr. Abdulrahman Sameer Suleiman Al-Omran as a new shareholder in the Company, and the Company's name changed from Socrates Specialized Trading Company to Professional Medical Expertise Company. On 03/06/1434H (corresponding to 13/04/2013G), Mr. Abdulrahman Sameer Suleiman Al-Omran waived all of his five (5) shares in the Company to Mr. Mohammad Jamal Mohammad Al-Mudayan as a new shareholder in the Company.</p> <p>On 28/12/1435H (corresponding to 22/10/2014G), Ms. Nouf Ahmed Abdullah Al-Bassam waived all her shares in the Company, which amounted to ninety-five (95) shares, to Al-Omran Holding Company as a new shareholder in the Company. Furthermore, Mr. Abdulrahman Sameer Suleiman Al-Omran waived all his shares in the Company, amounting to five (5) shares, to Elite Investments Company as a new Shareholder in the Company. On 08/06/1441H (corresponding to 02/02/2020G), Al-Omran Holding Company waived its shares, amounting to thirty (30) shares in the Company, and Elite Investments Company waived all its shares in the Company, amounting to five (5) shares, to Care 2 Health Trading LLC (sole shareholding) as a new shareholder in the Company. On 21/11/1441H (corresponding to 12/07/2020G), the Company's capital was increased from one hundred thousand Saudi Riyals (SAR 100,000) to one hundred and thirty thousand Saudi Riyals (SAR 130,000) divided into one hundred thirty (130) fully paid shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, through the issuance of new shares in favor of Care 2 Health Trading LLC and in favor of Mr. Riyadh Abdullah Rashid Abunayan as a new shareholder in the Company, in exchange for a cash contribution. On 28/03/1443H (corresponding to 03/11/2021G), the Company's capital was increased from one hundred and thirty thousand Saudi Riyals (SAR 130,000) to five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) fully paid shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share by way of issuance of new shares in favor of every shareholder, in exchange for a cash contribution.</p> <p>On 05/05/1443H (corresponding to 09/12/2021G), the shareholders approved the conversion of the Company from a limited liability company to a (closed) joint stock company (closed) and on 24/05/1443H (corresponding to 28/12/2021G), the Ministry of Commerce issued resolution No. 788 approving the announcement of the Company's conversion, and all procedures have been completed, including the amendment of the Commercial Register.</p> <p>On 20/11/1443H (corresponding to 19/06/2022G), the Extraordinary General Assembly approved the Company's capital increase from five hundred thousand Saudi Riyals (SAR 500,000) to thirty-five million Saudi Riyals (SAR 35,000,000) divided into three million five hundred thousand (3,500,000) ordinary shares paid in full through the transfer of twenty-seven million two hundred eighty-six thousand six hundred and thirteen Saudi Riyals (SAR 27,286,613) from Related Parties through a credit relationship to the capital account and the transfer of seven million two hundred thirteen thousand three hundred and eighty-seven Saudi Riyals (SAR 7,213,387) from the retained earnings account to the capital account.</p> <p>The Company's current capital is thirty-five million Saudi Riyals (SAR 35,000,000) divided into three million five hundred thousand (3,500,000) ordinary shares paid in full, with a nominal value of ten Saudi Riyals (SAR 10) per share.</p>
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<p>Overview of the Company's Activities</p>	<p>The Company carries out its activities under Commercial Registration No. 2052001627, dated 14/08/1431H (corresponding to 26/07/2010G). Pursuant to the Company's Bylaws and its Commercial Registration Certificate, the Company's activities consist of the following: the</p> <ul style="list-style-type: none"> - Agents involved in the sale of medicines. - Drug warehousing activities. - Retail sale of medical equipment, tools and supplies. - Medical Devices warehouse activities. - Legal representation of medical products and devices' manufacturers. <p>The Company has obtained all the statutory licenses necessary to carry out its current activities. Except as described in Section 3.18 ("Material Licenses") of this Prospectus, all such licenses remain valid as at the date of this Prospectus.</p> <p>The Company's current activities comprise the import and export of medical implants, devices and high-tech consumables and their sale to private and public hospitals and medical centers throughout the Kingdom.</p>																													
<p>Subsidiaries</p>	<p>As at the date of this Prospectus, the Issuer has one Subsidiary, namely ProMedEx Medical Equipment Trading LLC, which is a limited liability company established in Dubai, UAE, pursuant to commercial license No. 817313 (for more information please refer to Section 3.9 ("Overview of the Company's Subsidiary") of this Prospectus).</p>																													
<p>Number of Shares held by the Substantial Shareholders Pre- and Post-Offering</p>	<p>The following table illustrates the name as well as the ownership percentage of the Substantial Shareholder.</p> <table border="1" data-bbox="424 864 1394 1155"> <thead> <tr> <th rowspan="2">Substantial Shareholder</th> <th colspan="2">Pre-Offering</th> <th colspan="2">Post-Offering</th> </tr> <tr> <th>No. of Shares</th> <th>Ownership Percentage</th> <th>No. of Shares</th> <th>Ownership Percentage</th> </tr> </thead> <tbody> <tr> <td>Al-Omran Holding Company</td> <td>1,750,000</td> <td>50%</td> <td>1,575,000</td> <td>45%</td> </tr> <tr> <td>Care 2 Health Trading LLC</td> <td>1,400,000</td> <td>40%</td> <td>700,000</td> <td>20%</td> </tr> <tr> <td>Riyad Abdullah Rashid Abunayan</td> <td>350,000</td> <td>10%</td> <td>175,000</td> <td>5%</td> </tr> <tr> <td>Total</td> <td>3,500,000</td> <td>100%</td> <td>2,450,000</td> <td>70%</td> </tr> </tbody> </table> <p>Source: the Company</p>	Substantial Shareholder	Pre-Offering		Post-Offering		No. of Shares	Ownership Percentage	No. of Shares	Ownership Percentage	Al-Omran Holding Company	1,750,000	50%	1,575,000	45%	Care 2 Health Trading LLC	1,400,000	40%	700,000	20%	Riyad Abdullah Rashid Abunayan	350,000	10%	175,000	5%	Total	3,500,000	100%	2,450,000	70%
Substantial Shareholder	Pre-Offering		Post-Offering																											
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<p>Company Capital</p>	<p>Thirty-five million Saudi Riyals (SAR 35,000,000) ordinary shares paid in full.</p>																													
<p>Total Number of Company Shares</p>	<p>Three million five hundred thousand (3,500,000) ordinary shares paid in full.</p>																													
<p>Nominal value per Share</p>	<p>Ten Saudi Riyals (SAR10).</p>																													
<p>Total Number of Issued Offer Shares</p>	<p>One million fifty thousand (1,050,000) ordinary shares.</p>																													
<p>Percentage of Offer Shares to the total number of issued Shares</p>	<p>30%.</p>																													
<p>Offer Price</p>	<p>SAR (68) per Share.</p>																													
<p>Total value of Offer Shares</p>	<p>SAR (11,400,000).</p>																													
<p>Use of Proceeds</p>	<p>The Net Proceeds from the Offering amounting to approximately SAR (63,770,000) (after deducting the Offering expenses estimated at SAR 10,630,000) will be distributed to the Selling Shareholders based on each Selling Shareholder's percentage ownership in the Offer Shares. The Company will not receive any part of the Net Proceeds from the Offering (for further details, please refer to Section 6 ("USE OF OFFERING PROCEEDS") of this Prospectus).</p>																													

<p>Categories of Targeted Investors</p>	<p>Subscription to the Offer Shares on the Parallel Market will be limited to the categories of Qualified Investors, according to the definition of the Qualified Investor in the list of terms used in the regulations and rules of the Capital Market Authority and in the list of terms used in the rules of the Saudi Tadawul Company (“the Stock Exchange” or “Tadawul”), as set forth in Chapter Eight of the Rules on the Offer of Securities and Continuing Obligations, represent any of the following:</p> <ol style="list-style-type: none"> 1. Capital Market Institutions acting for their own account. 2. Clients of a Capital Market Institution by the CMA to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment on the Parallel Market, on the client’s behalf, without obtaining prior approval from the client. 3. The Government of the Kingdom, any government body, any supranational authority recognized by the CMA or the Exchange, and any other stock exchange recognized by the CMA or the Securities Depository Center. 4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorized to carry out managing activities. 5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf. 6. Investment Funds. 7. Non-resident foreigners permitted to invest on the Parallel Market and who meet the requirements stipulated in the Guidance Note for the Investment of Non-Resident Foreigners on the Parallel Market. 8. Qualified foreign financial institutions. 9. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center. 10. Natural persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center, and fulfilling any of the following criteria: <ol style="list-style-type: none"> a. Has conducted transactions in security markets of not less than SAR 40 million in total, and not less than ten transactions in each quarter during the last twelve months. b. Holds net assets of not less than SAR 5 million. c. Works or has worked for at least three years in the financial sector. d. Holds the General Securities Qualification Certificate which is recognized by the CMA. e. Holds a professional certificate that is related to securities business and accredited by an internationally recognized entity. 11. Any other persons as specified by the CMA.
<p>Subscription Method</p>	<p>Subscription will be available to Qualified Investors through the electronic subscription system of the Lead Manager during the Offering Period. The subscriber must fulfill the subscription requirements in accordance with the subscription instructions set out in the Application Form and in this Prospectus (for more information, please refer to Section 9 (“INFORMATION RELATING TO THE SHARES AND OFFERING TERMS AND CONDITIONS”) of this Prospectus).</p>
<p>Minimum number of Shares that can be subscribed for</p>	<p>Ten (10) shares.</p>
<p>The value of the minimum number of shares that can be subscribed for</p>	<p>SAR (680).</p>
<p>The maximum number of shares that can be subscribed for</p>	<p>One hundred and seventy-four thousand and nine hundred and ninety-nine (174,999) shares.</p>
<p>The value of the maximum number of shares that can be subscribed for</p>	<p>SAR (11,899,932).</p>

<p>Allocation and Refund of Surplus</p>	<p>The Lead Manager shall open an escrow account for the purpose of receiving monies collected from subscriptions. Each Subscriber must submit the subscription application and deposit the amounts subscribed into in the subscription account, which will be clarified in the Subscription Application Form, and after the Offering Period ends, an announcement will be made regarding the Allocation and Refund of Surplus by notifying investors no later than Wednesday 01/01/1445H (corresponding to 19/07/2023G). The shares offered for subscription will be allocated according to the proposal submitted by the Financial Advisor in consultation with the issuer, and the surplus will be refunded within two (2) working days from the allocation date at the latest without commissions or deductions committed by the Lead Manager or the Company (please refer to Section 9 (“INFORMATION RELATING TO THE SHARES AND OFFERING TERMS AND CONDITIONS”) of this Prospectus).</p>
<p>Offering Period</p>	<p>Period of (8) Days starting from Sunday 21/12/1444H (corresponding to 09/07/2023G) proceeding until the end of Sunday 28/12/1444H (corresponding to 16/07/2023G).</p>
<p>Entitlement to Dividends</p>	<p>The Offer Shares will entitle their holders to receive any dividends declared and paid by the Company from the date of this Prospectus and for subsequent financial years (please refer to Section 5 (“DIVIDEND DISTRIBUTION POLICY”) of this Prospectus).</p>
<p>Voting Rights</p>	<p>The Company has only one class of Ordinary Shares, which do not carry any preferential voting rights. Each Share entitles the holder to attend General Assemblies and cast one vote thereat irrespective of the number shares held thereby.</p>
<p>Share Restrictions</p>	<p>The current Substantial Shareholders holding 5% or more of the Company’s Shares (whose names are listed on page (xiii)) shall not dispose of their shares for a period of twelve months starting from the date of the start of trading of the Company’s Shares on the Parallel Market “the Lock-up Period”. The Securities Depository Center shall lift restrictions on those Shares directly after the end of the imposed Lock-up Period, without the need to obtain CMA prior approval.</p>
<p>Shares previously listed by the Issuer</p>	<p>Prior to this listing on the Parallel Market, the Company’s Shares have never been listed in any stock market, whether inside or outside the Kingdom of Saudi Arabia. The Company submitted an application to the CMA for registering the Shares on the Parallel Market under the OSCO rules and also applied to list said Shares on to the Saudi Exchange in accordance with the Listing Rules. All approvals necessary to complete the listing process have been obtained, and all supporting documents required for this purpose have been completed.</p>

KEY DATES AND SUBSCRIPTION PROCEDURES

Expected Offering Timetable

Event	Date
Offering Period	Starting from Sunday 21/12/1444H (corresponding to 09/07/2023G) and closing at 23:59 pm KSA time at the end of Sunday 28/12/1444H (corresponding to 16/07/2023G).
Last day of Subscription period	Sunday 28/12/1444H (corresponding to 16/07/2023G).
Deadline for payment of the subscription monies according to the subscription requirements	Monday 29/12/1444 (corresponding to 17/07/2023G).
Announcement of final Offer Shares allotment and Investor Notification	No later than Wednesday 01/01/1445H (corresponding to 19/07/2023G).
Refund of excess subscription monies (if any)	No later than Sunday 05/01/1445H (corresponding to 23/07/2023G).
Expected trading commencement date for the Shares	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced on the Saudi Exchange website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing on the Tadawul website (www.saudiexchange.sa), the Company's website (www.promedex.com) and the website of Saudi Fransi Capital (www.sfc.sa).

How to Apply for Offer Shares

The Offering shall be restricted to the following qualified investors:

1. Capital Market Institutions acting for their own account.
2. Clients of a Capital Market Institution by the CMA to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment on the Parallel Market, on the client's behalf, without obtaining prior approval from the client.
3. The Government of the Kingdom, any government body, any supranational authority recognized by the CMA or the Exchange, and any other stock exchange recognized by the CMA or the Securities Depository Center.
4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorized to carry out managing activities.
5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6. Investment Funds.
7. Non-resident foreigners permitted to invest on the Parallel Market and who meet the requirements stipulated in the Guidance Note for the Investment of Non-Resident Foreigners on the Parallel Market.
8. Qualified foreign financial institutions.
9. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center.
10. Natural persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center, and fulfilling any of the following criteria:
 - a. Has conducted transactions in security markets of not less than SAR 40 million in total, and not less than ten transactions in each quarter during the last twelve months.
 - b. Holds net assets of not less than SAR 5 million.
 - c. Works or has worked for at least three years in the financial sector.
 - d. Holds the General Securities Qualification Certificate which is recognized by the CMA.
 - e. Holds a professional certificate that is related to securities business and accredited by an internationally recognized entity.
11. Any other persons as specified by the CMA.

Qualified Investors must submit a subscription application to the Lead Manager, using the electronic subscription system of the Lead Manager, through which Qualified Investors will be able to subscribe to the Company's shares during the Offering Period, provided that the subscription application is submitted no later than 11:59 pm on the evening of the Closing Date. The subscription application form shall be accompanied by all the supporting documents required as per the instructions. Each investor, by completing the subscription application, acknowledges that receiving and reading this Prospectus, and accordingly wishes to subscribe to the offered shares as indicated in the subscription application.

The subscription application will be available to subscribers during the Offering Period via the electronic subscription system of the Lead Manager, through which qualified investors will be able to subscribe to the company's shares. Subscribers must fulfill the subscription requirements and fill out the subscription application forms in accordance with the instructions set forth in Section 9 ("**INFORMATION RELATING TO THE SHARES AND OFFERING TERMS AND CONDITIONS**") of this Prospectus. Each investor must agree to all subscription application form provisions. The Financial Advisor in consultation with the Company reserves the right to reject any investment, in part or in whole, if any of the subscription conditions are not met. Subscription application forms cannot be amended or withdrawn once submitted to the Lead Manager. Subscription Forms shall, upon submission, be considered to be a legally binding agreement by the relevant investor and the Company (for further details, see Section 9 ("**INFORMATION RELATING TO THE SHARES AND OFFERING TERMS AND CONDITIONS**") of this Prospectus).

SUMMARY OF KEY INFORMATION

Notice to Investors

This summary of key information aims to give an overview of the information contained in this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, in particular, it is important to carefully consider the (“**IMPORTANT NOTICE**”) on page (i) and Section 2 (“**RISKS FACTORS**”), respectively, prior to making any investment decision in relation to the Company’s Shares after completing the registration and listing thereof on the parallel market. Some of the terms and abbreviated expressions have been defined in Section 1 (“**DEFINITIONS AND ABBREVIATIONS**”) of this Prospectus.

Overview of the Company

Professional Medical Expertise Company is a closed Saudi joint stock company established under Commercial Registration No. 2052001627 dated 14/08/1431H (corresponding to 26/07/2010G) issued in Dhahran, pursuant to Ministerial resolution No. 788 issued on 24/05/1443H (corresponding to 28/12/2021G). The Company’s current capital is thirty-five million Saudi Riyals (SAR 35,000,000) divided into three million five hundred thousand (3,500,000) ordinary shares paid in full, with a nominal value of ten Saudi Riyals (SAR 10) per share.

The Company was established under the name of Socrates Specialized Trading Company by Ms. Nouf Ahmed Abdullah Al-Bassam and Mr. Nasser Mubarak Abdullah Al-Qahtani as a Saudi limited liability company, with a capital of one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) fully paid shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, pursuant to the articles of association registered with the notary public at the Ministry of Commerce on 14/06/1430H (corresponding to 07/06/2009G) and Commercial Registration No. 2051040259 dated 24/06/1430H (corresponding to 17/06/2009G) issued from Al Khobar.

On 05/08/1431H (corresponding to 17/07/2010G) the Company’s registered office was moved to Dhahran, thus the Company was thereafter registered under Commercial Registration No. 2052001627 dated 14/08/1431H (corresponding to 26/07/2010G) issued in Dhahran.

On 03/09/1433H (corresponding to 22/07/2012G), Mr. Nasser Mubarak Abdullah Al-Qahtani waived all of his five (5) shares in the Company to Mr. Abdulrahman Sameer Suleiman Al-Omran as a new shareholder in the Company, and the Company’s name changed from Socrates Specialized Trading Company to Professional Medical Expertise Company. On 03/06/1434H (corresponding to 13/04/2013G), Mr. Abdulrahman Sameer Suleiman Al-Omran waived all of his five (5) shares in the Company to Mr. Mohammad Jamal Mohammad Al-Mudayan as a new shareholder in the Company.

On 28/12/1435H (corresponding to 22/10/2014G), Ms. Nouf Ahmed Abdullah Al-Bassam waived all her shares in the Company, which amounted to ninety-five (95) shares, to Al-Omran Holding Company as a new shareholder in the Company. Furthermore, Mr. Abdulrahman Sameer Suleiman Al-Omran waived all his shares in the Company, amounting to five (5) shares, to Elite Investments Company as a new Shareholder in the Company. On 08/06/1441H (corresponding to 02/02/2020G), Al-Omran Holding Company waived its shares, amounting to thirty (30) shares in the Company, and Elite Investments Company waived all its shares in the Company, amounting to five (5) shares, to Care 2 Health Trading LLC (sole shareholding) as a new shareholder in the Company. On 21/11/1441H (corresponding to 12/07/2020G), the Company’s capital was increased from one hundred thousand Saudi Riyals (SAR 100,000) to one hundred and thirty thousand Saudi Riyals (SAR 130,000) divided into one hundred thirty (130) fully paid shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, through the issuance of new shares for Care 2 Health Trading LLC and for Mr. Riyadh Abdullah Rashid Abunayan as a new shareholder in the Company, by way of issuance of new shares in exchange for a cash contribution. On 28/03/1443H (corresponding to 03/11/2021G), the Company’s capital was increased from one hundred and thirty thousand Saudi Riyals (SAR 130,000) to five hundred thousand Saudi Riyals (SAR 500,000) divided into five hundred (500) fully paid shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share by way of issuance of new shares to the shareholders in exchange for cash contributions.

On 05/05/1443H (corresponding to 09/12/2021G), the shareholders approved the conversion of the Company from a limited liability company to a (closed) joint stock company (closed) and on 24/05/1443H (corresponding to 28/12/2021G), the Ministry of Commerce issued resolution No. 788 approving the announcement of the Company’s conversion, and all procedures have been completed, including the amendment of the Commercial Register.

On 20/11/1443H (corresponding to 19/06/2022G), the Extraordinary General Assembly approved the Company’s capital increase from five hundred thousand Saudi Riyals (SAR 500,000) to thirty-five million Saudi Riyals (SAR 35,000,000) divided into three million five hundred thousand (3,500,000) ordinary shares paid in full through the transfer of twenty-seven million two hundred eighty-six thousand six hundred and thirteen Saudi Riyals (SAR 27,286,613) from Related Parties through a credit relationship to the capital account and the transfer of seven million two hundred thirteen thousand three hundred and eighty-seven Saudi Riyals (SAR 7,213,387) from the retained earnings account to the capital account.

The Company’s current capital is thirty-five million Saudi Riyals (SAR 35,000,000) divided into three million five hundred thousand (3,500,000) ordinary shares paid in full, with a nominal value of ten Saudi Riyals (SAR 10) per share. Each Shareholder, regardless of the number of shares held thereby, has the right to attend and vote at General Assembly meetings (the “General Assembly”). The Offer Shares are entitled to their share of any dividends announced by the Company as of the date of this Prospectus and for any subsequent financial years (please refer to Section 5 (“**DIVIDEND DISTRIBUTION POLICY**”) of this Prospectus).

COMPANY OWNERSHIP STRUCTURE PRE- and POST-OFFERING

The following table details the Company's ownership pre-and post-Offering structure:

Table No. (1.1): The Company's Ownership Structure Pre- and Post-Offering

Shareholder	Pre-Offering				Post-Offering			
	No. of Shares	Nominal value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage	No. of Shares	Nominal value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage
Al-Omran Holding Company	1,750,000	10	50%	-	1,575,000	10	45%	-
Care 2 Health Trading LLC	1,400,000	10	40%	-	700,000	10	20%	-
Riyad Abdullah Rashid Abunayan	350,000	10	10%	-	175,000	10	5%	-
Public	-	-	-	-	1,050,000	10	30%	-
Total	3,500,000	-	100%	-	3,500,000	-	100%	-

Source: the Company

SUBSTANTIAL SHAREHOLDERS HOLDING 5% OF MORE OF THE COMPANY'S SHARES PRE- and POST-OFFERING

The Company has Substantial Shareholders holding more than 5% of the Company's Shares as at the date of this Prospectus, and the following table illustrates the number of shares held thereby and the pre and post-Offering ownership percentage thereof.

Table No. (1.2): Ownership Structure of the Company's Substantial Shareholder Pre- and Post-Offering

Substantial Shareholder	Pre-Offering				Post-Offering			
	No. of Shares	Nominal value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage	No. of Shares	Nominal value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage
Al-Omran Holding Company	1,750,000	10	50%	None	1,575,000	10	45%	None
Care 2 Health Trading LLC	1,400,000	10	40%	None	700,000	10	20%	None
Riyad Abdullah Rashid Abunayan	350,000	10	10%	None	175,000	10	5%	None
Total	3,500,000	-	100%	None	2,450,000	-	100%	None

Source: the Company

THE COMPANY'S MAIN ACTIVITIES

The Company carries out its activities under Commercial Registration No. 2052001627, dated 14/08/1431H (corresponding to 26/07/2010G). Pursuant to the Company's Bylaws and its Commercial Registration Certificate, the Company's activities consist of the following:

- Agents involved in the sale of medicines.
- Drug warehouse activities.
- Retail sale of medical equipment, tools and supplies.
- Medical Devices warehouse activities.
- Legal representation of medical products and devices' manufacturers.

The Company has obtained all the statutory licenses necessary to carry out its current activities. Except as described in Section 3.18 ("Material Licenses") of this Prospectus, all such licenses remain valid as at the date of this Prospectus.

MISSION, VISION AND VALUES OF THE COMPANY

The Company's mission is to provide distinctive solutions that improve quality of life and enable better patient care in the Kingdom and beyond. Based on its four core values of respect, sense of responsibility, continuous improvement and self-discipline, the Company envisions becoming the GCC's leading supplier of quality-enhancing medical solutions. The foundations on which the Company is built include:

- satisfying its customers as a key factor in achieving its objectives;
- patient care and well-being, as patients are the Company's eventual beneficiaries;
- the pursuit of perfection and excellence in all its endeavors;
- professionalism to exceed expectations;
- responsibility and its application in all exchanges;
- honesty and integrity, leading to customers placing their trust in the Company; and
- respect toward all of the Company's employees and contribution to their development, while rewarding them equitably.

Company Strategy

The Company's strategic priorities are to:

- put its customers first, by delivering outstanding personalized customer experiences and ensuring high quality outcomes and value for money;
- maximize value through healthcare co-ordination, by being a trusted advisor to surgeons and hospitals and delivering efficient seamless experiences that enable better patient care and treatment outcomes;
- be more than just a partner, by becoming a natural extension of customer's organizations, sourcing innovative medical technology solutions to benefit its customers and to develop the skills of their operating room and intensive care unit staff;
- focus on people and the Company's continuous advancement, by developing and empowering people to make things easier, faster, more personalized and responsive for its customers and partners; and
- participate in markets with the potential to make a significant impact, by expanding into activities business lines that meet the most urgent healthcare needs of customers, and build on brand enhancement and the relationship with customers.

Strengths and Competitive Advantages

The Company achieves its purpose by utilizing its main strengths and the following competitive advantages:

- Differentiated service offerings: by adopting a comprehensive and highly efficient business model that covers the entire value chain (or all activities required to provide its services).
- The services that the Company offers are built to provide solutions rather than the more restricted remit of a typical distributor. In addition to managing regulatory affairs, logistics, supply chain and collections, the Company prides itself on its comprehensive training programs, tailored marketing initiatives, specialized sales and post sales service proposition.
- Specialist team: the Company employs an effective team with extensive, specialized health experience acting under the leadership of a top tier management team.

The Company's specialized sales force has undergone an extensive training program and has extensive knowledge of all its products, allowing the Company to adopt a customized, solution oriented, advising approach, working directly with customers, resulting in high-value sales and services, all in partnership with surgeons and with the support of an experience and well-respected administrative team with extensive experience and strong relationships in the sector.

- Product and innovation: specialty and niche positioning bolstered by a unique innovative portfolio.

The Company has a specialty focused portfolio comprising heavyweight, globally recognized suppliers including Globus Medical, Fresenius, BD, and ConMed at the forefront of their specific product specialties with market leading products and a proven track record of introducing cutting-edge, pioneering new innovations such as Globus Medical's Excelsius robotic technology that was used in the first ever robot assisted spine fixation surgery in the Middle East in 2022G.

- Diversity: de-risked position due to both its diversified customer and supplier base.

The Company has a diverse stakeholder base of sixteen (16) premium supplier partners and over one hundred and forty (140) blue chip hospital customers minimizing concentration risk and enabling the Company to carefully select its partner and customer relationships built on honesty, trust and excellence.

These strengths enable the Company to enjoy preferred and enduring, multi-year strategic partnerships with its hospital customers and major international suppliers, which in turn has translated into consistent revenue growth and a track record of success including with the National Unified Procurement Company (NUPCO), where in 2021G the Company won all five (5) of the major tenders in which it participated.

SUMMARY OF FINANCIAL INFORMATION

The summary of the financial information below is based on the Company's audited financial statements for the financial year ended on 31/12/2021G (including the comparative figures for the financial year ended on 31/12/2020), and the reviewed interim financial statements for the financial period ended on 30/09/2022G (including the comparative figures for the financial period ended on 30/09/2021G) and its accompanying explanations.

Income Statement

SAR in 000s	FY2020G	FY2021G	Financial on Period ended on 30/09/2021G	Financial Period ended on 30/09/2022G
Revenues from contracts with customers	74,417	131,260	81,135	117,601
Cost of revenues	(34,618)	(64,348)	(39,315)	(64,527)
Gross profit	39,799	66,912	41,820	53,074
Selling and marketing expenses	(13,513)	(23,991)	(15,752)	(21,981)
General and administrative expenses	(14,138)	(18,026)	(13,193)	(16,468)
Expected credit losses	(500)	(441)	(331)	(2,406)
Other (loss) / income	(230)	10	(40)	(377)
Operating profit	11,647	24,454	12,545	12,219
Finance costs	(1,413)	(2,653)	(2,417)	(3,405)
Other (loss) / income	(230)	10	(40)	(377)
Profit for the year / period before Zakat	10,004	21,811	10,088	8,437
Zakat	(708)	(1,191)	(894)	(1,292)
Profit (loss) for the year / period	9,296	20,619	9,195	7,145
Re-measurement of defined employee benefits	160	(755)	-	-
Total comprehensive income for the year / period	9,456	19,864	9,195	7,145

Source: Consolidated financial statements for the year ended 31 December 2021, interim reviewed financial statements for the period ended 30 September 2022G

The Company's Key Performance Indicators

SAR in 000s	FY2020G	FY2021G	Financial on Period ended on 30/09/2021G	Financial Period ended on 30/09/2022G
Gross margin ⁽¹⁾	53.5%	51.0%	51.5%	45.1%
Operating profit margin ⁽²⁾	15.7%	18.6%	15.5%	10.4%
Profit (loss) margin for the year / period ⁽³⁾	12.5%	15.7%	11.3%	6.1%
Total comprehensive income margin for the year / period ⁽⁴⁾	12.7%	15.1%	11.3%	6.1%

⁽¹⁾ Gross profit margin is defined as gross profit divided by revenue from contracts with customers and is presented in percentage terms.

⁽²⁾ Operating profit margin is defined as operating profit divided by revenue from contracts with customers and is presented in percentage terms.

⁽³⁾ Profit (loss) margin is defined as profit (loss) divided by revenue from contracts with customers and is presented in percentage terms.

⁽⁴⁾ Total comprehensive income margin is defined as total comprehensive income divided by revenue from contracts with customers and is presented in percentage terms.

Statement of Financial Position

SAR in 000s	FY2020G	FY2021G	Financial Period ended on 30/09/2022G
Total current assets	110,366	158,722	189,223
Total non-current assets	4,612	6,377	10,543
Total assets	114,979	165,098	199,766
Total current liabilities	87,079	119,462	129,833
Total non-current liabilities	4,009	5,881	8,666
Total liabilities	91,088	125,343	138,499
Total equity	23,891	39,755	61,267
Key financial highlights and key performance indicators			
Days payables outstanding (days) ⁽¹⁾	254	198	218
Days receivable outstanding – government sector (days) ⁽²⁾	377	208	207
Days receivable outstanding – private sector (days) ⁽³⁾	151	186	234
Days inventory outstanding (days) ⁽⁴⁾	396	258	245
Return on equity ⁽⁵⁾	38.9%	51.9%	11.7%
Return on total assets ⁽⁶⁾	8.1%	12.5%	3.6%

Source: Consolidated financial statements for the year ended 31 December 2021, interim reviewed financial statements for the financial period ended on 30/09/2022.

⁽⁴⁾ Days payables outstanding were calculated by dividing trade payables associated with the operations by cost of goods sold.

⁽⁵⁾ Government sector days receivables outstanding were calculated by dividing the government sector receivables by the government sector revenues,

⁽⁶⁾ Private sector days receivables outstanding were calculated by dividing the private sector receivables by the private sector revenues.

⁽⁷⁾ Days inventory outstanding were calculated by dividing inventory by cost of goods sold.

⁽⁸⁾ Return on equity was calculated by dividing the net profit for the year / period by the book value of equity.

⁽⁹⁾ Return on total assets was calculated by dividing the net profit the year / period by the book value of total assets.

Statement of Cash Flow

SAR in 000s	FY2020G	FY2021G	Financial Period ended on 30 /09/2022
Net cash flows from (used in) operating activities	11,994	21,028	(7,641)
Net cash flows used in investing activities	(2,294)	(3,340)	(3,035)
Net cash flows (used in) from financing activities	(7,976)	(5,259)	11,099
Net increase (decrease) in cash and cash equivalents	1,725	12,428	423
Cash and cash equivalents at the beginning of the year / period	3,581	5,376	17,804
Cash and cash equivalents at the end of the year / period	5,376	17,804	18,227

Source: Consolidated financial statements for the year ended 31 December 2021, interim reviewed financial statements for the financial period ended on 30/09/2022

SUMMARY OF RISK FACTORS

A. Risks Related to the Company's Operations

1. Risks related to reliance on a limited number of manufacturers.
2. Risks related to reliance on a limited customer base.
3. Risks related to the Company's dependence on a limited number of products.
4. Risks related to the Company's strategy.
5. Risks related to the impact of increasing costs and operating expenses on the Company's business.
6. Risk relating to the Company's supply chain.
7. Risks associated with regulations, permits, licenses and approvals necessary for the Company's business.
8. Risks related to the regulatory requirements imposed by the SFDA and other regulators.
9. Risks related to quality or product recalls affecting the Company's products.
10. Risks related to Customers' non-acceptance of Company Products
11. Risks related to cross border sales of products in foreign countries.
12. Operational risks and unexpected interruptions to the Company's business.
13. Risks related to maintaining the reputation of the ProMedEx brand.
14. Risks related to the Company's Related Party Transactions.
15. Risks relating to the outbreak of infectious diseases or other serious public health concerns, including the continuing global spread of COVID-19.
16. Risks related to the Company's reliance on its senior Management and key personnel.
17. Risks related to Management's lack of experience in managing a publicly listed company.
18. Risks related to Corporate Governance / Newly Established Committee.
19. Risks related to the adequacy of insurance coverage.
20. Risks related to interruptions in the Company's IT network.
21. Risks related to potential litigation involving the Company.
22. Risks related to inventory levels.
23. Risks related to the Company's revenue growth rates from its activities.
24. Risks related to Standardized Procurement of Medicines, and Medical Equipment and Supplies.
25. Risks related to potential misconduct by third-party service providers.
26. Risks related to the Company's current financing arrangements.
27. Risks related to Future Financing.
28. Risks related to the Volume of Government Spending on the Company's products and the Healthcare Sector.
29. Risks related to International Suppliers competing with the Company inside the Kingdom.

B. Risks Relating to the Market, Industry and Regulatory Environment

1. Risks related to the impact of political and economic risks on the Company's operations.
2. Risks related to increased competition in the sector in which the Company operates.
3. Risk related to the Competition Law.
4. Risks related to the changes in laws and government policies in Saudi Arabia.
5. Risks related to Saudization, non-Saudi employees, and other Labor Law requirements.
6. Risks related to changes to import laws and regulations.
7. Risks related to the imposition of additional fees or new taxes.
8. Risks related to changes in the calculation of Zakat and income tax.
9. Risks related to Zakat.
10. Risks related to Currency Exchange Rate Fluctuations.
11. Risks related to Interest Rate Volatility.

C. Risks Related to the Offer Shares

1. Risks related to actual control by the Substantial Shareholders on the interests of the Company and other Shareholders.
2. Risks related to the absence of a prior market for the Offer Shares.
3. Risks related to future sales and offers of Shares.
4. Risks related to fluctuation in the market price of the Offer Shares.
5. Risks relating to the Company's ability to distribute dividends.
6. Risks related to the General Assembly not approving the Recommendation of the Board of Directors to distribute Dividends to the Shareholders.
7. Risks related to the failure of publishing research or the publishing of unfavorable research about the Company
8. Risks related to the Company not being able to meet the current requirements to move to the Main Market or any future Regulatory Requirements.
9. Risks related to the Company's desire to remain on the Parallel Market.

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DEFINITIONS AND ABBREVIATIONS

Term	Definition
Audit Committee	The Company's Audit Committee
Auditor	Baker Tilly MKM & Co.
Board or Board of Directors	The Company's Board of Directors whose names appear on page (iii) of this Prospectus.
Business Day	Any day (with the exception of Fridays, Saturdays, Saudi official holidays, and any day on which banking institutions are closed for business in the Kingdom) in accordance with the applicable regulations and other government procedures.
Bylaws	The Bylaws of the Company.
Civil Defense	The General Directorate of Civil Defense in the Kingdom of Saudi Arabia.
CMA	The Capital Market Authority of the Kingdom of Saudi Arabia.
Company or Issuer	Professional Medical Expertise Company
Companies Law	The Companies Law, issued under Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended.
Corporate Governance Regulations	The Corporate Governance Regulations in the Kingdom of Saudi Arabia, issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended by CMA's Board Resolution No 8-05-2023 dated 25/6/1444H (corresponding to 18/1/2023G).
Executive Management or Senior Management or Senior Executives	The Company's management.
Financial Advisor	Saudi Fransi Capital.
Financial Year(s)	The Financial Year of the Company, which starts from 1 January to 31 December of each Gregorian year.
Financial year ended on 31/12/2020G or FY2020G	The period commencing 1 January 2020G and ended on 31 December 2020G.
Financial year ended on 31/12/2021G or FY2021G	The period commencing 1 January 2021G and ended on 31 December 2021G.
Financial period ended on 30/09/2021G	The nine-month period commencing 1 January 2021G and ended on 30 September 2021G.
Financial period ended on 30/09/2022G	The nine-month period commencing 1 January 2022G and ended on 30 September 2022G.
G	Gregorian calendar.
Government	The Saudi Government
Guidance Note for the Investment of Non-Resident Foreigners on the Parallel Market	The Guidance Note for the Investment of Non-Resident Foreigners on the Parallel Market issued by the CMA Board pursuant to Resolution No. 4-95-2017 dated 26/01/1439H (corresponding to 16/10/2017), based on the Capital Market Law (CML) issued by Royal Decree No. M/30, dated 2/6/1424H, as amended by CMA Board Resolution No. 3-65-2019 dated 14/10/1440H corresponding to 17/06/2019G.
H	Hijri calendar.
IFRS	A set of accounting standards and their interpretations issued by the International Accounting Standards Board.

Term	Definition
Implementing Regulations for the Collection of Zakat	Implementing Regulations for the Collection of Zakat issued by the decision of His Excellency the Minister of Finance No. 2216 dated 07/07/1440H (corresponding to 14/03/2019G) as amended.
Investor	Person investing in the Company's Offer Shares.
Key Customers	The Company's five largest customers based on the Company's total sales as at the financial year ended 31/12/2021G and the financial period ended on 30/09/2022G.
Key Suppliers	The Company's top five suppliers based on the Company's total purchases as at the financial year ended 31/12/2021G and the financial period ended on 30/09/2022G.
Kingdom or KSA	The Kingdom of Saudi Arabia.
Labor Law	The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
Listing	The listing of the Company's Shares in the list of companies listed on the Parallel Market and approval of the trading of such shares.
Listing Rules	The Tadawul Listing Rules issued by the board of the CMA and approved pursuant to resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017G), as amended pursuant to CMA Board resolution number 1-104-2019 dated 1/1/1441H (corresponding 30/09/2019G), as amended pursuant to CMA Board resolution number 1-19-2022 dated 12/07/1443H (corresponding to 13/02/2022G), as amended pursuant to CMA Board resolution number 1-108-2022 dated 23/03/1444H (corresponding to 19/10/2022G).
Lock-up Period	The lock-up period imposed on the Substantial Shareholders referred to in Section 9.7 (" Existing Arrangements to prevent the disposal of certain shares (Lock-Up Period) ") of this Prospectus, is a period during which the Substantial Shareholders may not dispose of any of his Shares for a period of twelve (12) months from the date on which trading of the Company's Shares commences on the Parallel Market. Following the Lock-up Period, the Substantial Shareholders will not be restricted from disposing their Shares without the prior approval of the CMA.
Management, Senior Management, or Executive Management	The Company's management.
MHRSD	The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
MoC	The Ministry of Commerce in the Kingdom of Saudi Arabia.
MOMRAH	The Ministry of Municipal, Rural Affairs and Housing in the Kingdom of Saudi Arabia (Baladi).
Nitaqat/Saudization Program	The Saudi labor regulations require companies operating in the Kingdom to employ a certain percentage of Saudi nationals. The Saudization Program (Nitaqat) was approved pursuant to Ministry of Labor Resolution No. 4040 dated 12/10/1432H corresponding to 10/09/2011G, pursuant to Council of Ministers' Resolution No. 50 dated 21/5/1415H (corresponding to 27/10/1994G). The MHRSD began the implementation of the Nitaqat program to encourage institutions to employ Saudi nationals. Through the Nitaqat program, the performance of any company is evaluated based on specific categories, namely the red, low green, middle green, high green and platinum.
Offering	Offering one million and fifty thousand (1,050,000) ordinary shares of the Company's shares representing 30% of the Company's total capital for the purpose of registration and listing on the Parallel Market.
Offer Price	(68) SAR per Share.
Offer Shares	One million fifty thousand (1,050,000) Ordinary Shares.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to its resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017G), based on the Capital Market Law (CML) issued by Royal Decree No. M/30, dated 2/6/1424H corresponding to 01/08/2003G, as amended by resolution number 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G).
Par Value	The nominal value of the Company's Share, which is ten Saudi Riyals (SAR 10) per share.
Parallel Market "Nomu"	The market in which the Company's Shares are traded after being registered and accepted for listing under the OSCO's.
Person	A natural or legal person.

Term	Definition
Prospectus	This document prepared by the Company, as required to offer the Company's shares for subscription and registration with the CMA in relation to the Offering and in accordance with OSCOs.
Public	<p>Persons other than the following:</p> <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 affiliates of the Issuer; 5. Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6. any relative of persons described at (1), (2), (3), (4) or (5) above; 7. any company controlled by any persons described at (1), (2), (3), (4), (5), or (6) above; and 8. Persons acting in concert and, collectively, holding (5%) or more of the class of shares to be listed.
Qualified Investor	<p>Qualified Investors are as follows:</p> <ol style="list-style-type: none"> 1. Financial market institutions acting for their own account. 2. Clients of a financial market institution who conduct managing activities provided that such financial market institution has been appointed on terms which enable making decisions concerning the acceptance of an offer and investment in Nomu - Parallel Market, on the client's behalf, without obtaining prior approval from the client. 3. The Government of the Kingdom, any government body, any global/international authority recognized by the CMA or the Exchange, and any other stock exchange recognized by the CMA or the Securities Depository Center (Edaa). 4. Government-owned companies either directly or through a portfolio managed by a person authorized to carry out managing activities. 5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf. 6. Investment Funds. 7. Non-resident foreigners permitted to invest on the Parallel Market and who meet the requirements stipulated in the Guidance Note for the Investment of Non-Resident Foreigners on the Parallel Market. 8. Qualified foreign financial institutions. 9. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center (Edaa). 10. Natural persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center (Edaa), and fulfilling any of the following criteria: <ol style="list-style-type: none"> a. Has conducted transactions in capital markets of not less than SAR 40 million in total, and not less than ten transactions in each quarter during the last twelve months. b. Holds net assets of not less than SAR 5 million. c. Works or has worked for at least three years in the financial sector. d. Holds the General Securities Qualification Certificate "CME-1", which is recognized by the CMA. e. Holds a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity. 11. Any other persons as specified by the CMA.
Related Parties	<p>In this Prospectus and pursuant to the Glossary of Defined Terms Used in the Regulations and Rules of the CMA issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/8/1425H (corresponding to 4/10/2004G), as amended pursuant to the CMA Board Resolution No. 8-5-2023, dated 25/06/1444H (corresponding to 18/01/2023G), a "Related Party" includes any of the following:</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer except for wholly-owned companies; 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. Directors of affiliates of the Issuer; 5. Directors and Senior Executives of Substantial Shareholders of the Issuer; 6. Any relatives of persons described at 1, 2, 3, or 5 above; 7. Any company controlled by any person described at 1, 2, 3, 5 or 6 above. <p>For the purposes of paragraph (6) of this definition, the term "relatives" shall mean a parent, spouse, and children.</p>

Term	Definition
Remuneration Committee	Remuneration Committee of the Board of Directors.
Saudization	The Saudi labor regulations that require companies operating in the Kingdom to employ a certain percentage of Saudis.
Saudi Riyal(s) or SAR	Saudi Riyal, the official and legal currency of Kingdom of Saudi Arabia.
Selling Shareholders	<ul style="list-style-type: none"> - Al-Omran Holding Company. - Care 2 Health Trading LLC. - Riyadh Abdullah Abunayan.
SFDA	Saudi Food & Drug Authority
Share	An ordinary share of the Company with a nominal value of ten Saudi Riyals (SAR 10) per share.
Shares of Current Shareholders Pre-Offering	Three million five hundred thousand (3,500,000) ordinary shares representing 100% of the total issued share capital of the Company.
Shares of Current Shareholders Post-Offering	Two million four hundred fifty thousand (2,450,000) ordinary shares representing 100% of the total issued share capital of the Company.
Shareholder(s)	Any holder of shares in the Company at any time.
SOCPA	The Saudi Organization for Certified Public Accountants.
Subscriber(s)	Each eligible investor that submits an application to subscribe to the Offer Shares in accordance with the Offering terms and conditions.
Substantial Shareholder	Any person holding (5%) or more of the Company's Shares and whose name is mentioned on page (xiii) of this Prospectus.
Tadawul, Saudi Exchange or Exchange	The automated system for trading Saudi stocks.
VAT	On 02/05/1438H (corresponding to 30/01/2017G), the Council of Ministers decided to approve the Unified VAT Agreement for GCC countries. A VAT functions as an indirect tax on all goods and services that are bought and sold by establishments, with some exceptions. The Kingdom of Saudi Arabia has committed to implementing a 5% VAT, starting from 14/04/1439H (corresponding to 01/01/2018G). The VAT has been imposed at every stage of the supply chain starting from production, through distribution, up until the final sale of the commodity or service. The Saudi Government has decided, starting from July 2020, to increase the VAT from 5% to 15%, except for certain products (such as basic foods, or health care and education related services). The consumer pays the VAT cost on the purchased goods and services, while in the case of businesses, the government pays the VAT collected from consumers' purchases, and businesses recover the VAT they paid to their suppliers.
Voting Rights	Voting rights in the Company's general assemblies. The Company has one class of Shares (ordinary shares), which does not carry any preferential voting rights. Each Share entitles the holder to one vote at the general assembly, and each Shareholder, regardless of the number of shares held thereby, has the right to attend and vote in the general assembly.
ZATCA	The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia is a government agency, which is organizationally linked to the Minister of Finance. It is the body entrusted with the collection of zakat collection and tax.

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RISKS FACTORS

Investing in shares subject to Direct Listing on the Parallel Market entails high risks. Thus, an investment in these shares is only appropriate for investors who are capable of assessing its risks and merits and who have sufficient resources to bear any loss that might result from such an investment.

Prior to making any investment decision, prospective investors should study the risk factors described in this Section and the Company's business, in addition to other information contained in this Prospectus, bearing in mind that the risks and uncertainties described below are those that the Company currently deems capable of affecting its operations and any investment in the Offer Shares. This Section may not include all the risks that may affect the Company or the Offer Shares, but is referred to for guidance purposes only. It is possible that additional factors or uncertainties exist that are unknown to the Company or that the members of the Board of Directors do not deem material at the present time, which would have a fundamental, negative and detrimental effect on the results and business of the Company, its financial position and prospects. It is also possible that the Offer Shares price may decrease, or that the Company's ability to distribute dividends is reduced, or that Investors may lose all or part of their investment, in the event that any of the risks referred to below or any other risks not known by the members of the Board of Directors, or any risks that are not currently considered material, or if such risks become material. As a result of these risks and other factors that may affect the Company's business, projected events and circumstances as presented in this Prospectus may not occur in the manner that the Company or members of the Board of Directors expect, or may not occur at all.

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 on the date of this Prospectus other than those set forth in this Section, which could affect Investor decisions to invest in the Offer Shares. All potential Investors wishing to subscribe to the Offer Shares should assess the risks related to the Company's shares, the Offering in general, and the economic and organizational conditions in which the Company operates.

Prospective Investors who have any doubt about the appropriate action to be taken should consult a financial advisor licensed by the CMA to obtain advice on investing in the Offer Shares.

The risks set forth below are presented in an order that does not reflect their importance. There are also other unknown risks that may have the effects described in this Prospectus, including risks that are not currently known or considered immaterial at the present time.

2.1 Risks Related to the Company's Operations

2.1.1 Risks related to reliance on a limited number of manufacturers

As at 30/09/2022G, the Company relied on exclusive contracts entered into with 16 specialized and globally renowned suppliers of medical implants, devices and high-tech consumables, specializing in servicing operating rooms and intensive care units. The Company has an established portfolio of marquee agencies including, among others, Fresenius, BD, Insulet, Musculoskeletal Transplant Foundation, Globus Medical and ConMed.

However, if these manufacturers fail to satisfy the Company's manufacturing requirements, its business could be adversely affected. If these manufacturers are unable to achieve anticipated manufacturing yields, remain competitive using or implementing advanced leading-edge process technologies needed to manufacture future generations of the Company's products, and manufacture the respective products on a timely basis at competitive prices, then the Company could experience delays and supply shortages for certain products or increased costs and its business could be materially adversely affected.

Furthermore, any disruption in the Company's relationships with the manufacturers it represents and any loss of a manufacturer, in cases where it is unable to find a suitable alternative, may hinder the Company's ability to fulfil customers' orders on a timely and cost-effective basis or in the required quantities, which could result in order cancellations, decreased revenue or loss of market share and damage to its reputation.

In addition, the Company has entered into supply and distribution contracts with six Key Suppliers that are not subject to automatic renewal. In the event that any Key Supplier terminates supply and distribution contracts with the Company or refrains from renewing them or concluding a new agreement, or if the agreement is renewed on terms unfavorable to the Company's objectives, this will have a negative and material impact on the Company's business, results of operations, financial position and prospects. Supply and distribution contracts with four major suppliers require the Company to obtain and maintain certain insurance policies, including but not limited to product liability insurance. As at the date of this Prospectus, the Company did not obtain product liability insurance or any other insurance required for these four supply and distribution contracts (for more information, please see Section 2.1.19 ("**Risks related to the adequacy of insurance coverage**") of this Prospectus); which may expose the Company to risks of legal liability, leading to lawsuits from clients who incurred damage and them terminating their business with the Company, which may create difficulties and challenges for the Company to maintain its commercial relations with its Suppliers, would impede the Company's operations, and may have a negative and material impact on the company's operations, business, results of operations, financial position and prospects.

If the Company fails to secure and maintain profitable long-term commercial relationships with the suppliers that it represents, it could incur higher costs to obtain the necessary medical implants, devices and high-tech consumables elsewhere, which could adversely affect its business and financial position.

Furthermore, volatility in costs and pricing can result in contractual disputes with the suppliers or an inability to contract on mutually satisfactory terms. The Company's contracts with Key Suppliers have term lengths ranging from one to six years. Adverse resolution of any such disputes or contract negotiations will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.2 Risks related to reliance on a limited customer base

A significant portion of the Company's sales are made to a relatively small number of hospitals and Key Customers totaling over 200 customers. Sales to Key Customers account for approximately 39% of the Company's total sales in the financial year ended on 31/12/2021G (in comparison with 43% of the Company's total sales in the financial year ended on 31/12/2020G) and approximately 61% of the Company's total sales as at the financial period ended on 30/09/2022G (in comparison with 37% of the Company's total sales as at the financial period ended on 30/09/2021G). In the event its Key Customers reduce their demand for the products that the Company supplies thereto, whether as a result of changes in the customer base, alternative products being developed, the entry of significant competitors to the marketplace or the Key Customers themselves experiencing a major disruptions to their business, them encountering financial or other difficulties, or otherwise, such eventuality will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.3 Risks related to the Company's dependence on a limited number of products

The success of the Company's business depends on the continued appeal of the range of products it offers. Although the Company's product portfolio is well diversified, covering a range of specialties, its focus remains on providing medical implants, devices and high-tech consumable segments.

Healthcare operators are quick to adapt to customer preferences and new product trends. Therefore, the Company may not be able to address and respond to such trends and preferences in a timely manner in order to remain competitive.

The Company's inability to meet customer expectations could negatively affect its relationship with its customers, demand for the products it delivers and the growth of its business, which, in turn, will have a material adverse effect on the Company's business, financial position, results of operations and prospects.

2.1.4 Risks related to the Company's strategy

The Company's future performance depends on its ability to implement its vision and growth strategy as highlighted in Section 3.3 ("**Company Strategy**") of this Prospectus. Under its current strategy and as of the date of this Prospectus, the Company's vision entails becoming the GCC's leading quality driven medical solutions provider; whereby its short-term strategy is focused on its organic growth, by addressing more specialties, onboarding new suppliers and manufacturers and expanding its customer base. On the other hand, the Company's long-term growth will be focused on expanding sales to customers and starting local manufacturing to reduce costs and develop sales to new customers.

There can be no assurance that the Company will successfully implement its expansion and transformational growth strategy. In particular, any expansion and growth of the Company's operations will depend on several factors, including, most importantly, the following:

- the Company's ability to successfully expand its existing product portfolio as well as expanding into new product categories and more specialties across the healthcare sector that successfully meet local consumer preferences while enhancing revenue and profitability;
- the competition that the Company faces from incumbent and new players in its existing and new product segments;
- the Company's ability to seamlessly adapt and cater to changes in consumer behavior, new marketing strategies, and new business models;
- the Company's ability to maintain its relationships with Key Suppliers and its ability to negotiate and reach acceptable terms;
- the Company's ability to successfully identify and subsequently integrate any newly acquired businesses from future acquisitions while preserving the Company's operations and culture;
- the Company's ability to hire, train and retain skilled personnel and employees;
- the effectiveness of the Company and its marketing campaigns;
- the availability of sufficient financing (including through the Company's existing cash resources) on acceptable terms;
- the Company's ability to monitor new operations, control costs and maintain effective quality and service control;
- government restrictions, including movement of goods, as a result of the COVID-19 pandemic, or any other causes, that may disrupt the Company's ability to import and distribute its products across the Kingdom;
- introduction of additional government custom duties on imported products sold by the Company; and
- unfavorable economic, regulatory (including potential regulatory restrictions on products relevant to the Company), and market conditions, which are outside of the Company's control.

As a result of the above factors, the Company's revenues may not grow at the same rate as in the past, or the Company may incur costs without benefiting from the expected revenues of its growth plans. Accordingly, the Company's results of operations may be negatively affected if any of these factors were to materialize. There can be no assurance that the Company's growth strategy will be profitable or will achieve its projected investment returns. The Company may also face cannibalization risk, which may arise from the fact that an expansion into one product segment or sub-segment may adversely affect the revenues from the Company's existing product portfolio.

Furthermore, the Company's current and planned personnel, systems, procedures and controls may not be adequate to support its future operations. There can be no assurance that the Company will be able to effectively manage its growth or to implement all these systems, procedures and control measures successfully.

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

2.1.5 Risks related to the impact of increasing costs and operating expenses on the Company's business

The Company's operating expenses could increase as a result of a number of factors including, but not limited to, increases in the costs of products ordered from suppliers, labor costs, fuel and utility costs, repair and maintenance costs, insurance premiums, finance costs and costs related to the increase of rents of real estate leased by the Company, in addition to international shipping costs and international currency exchange rate fluctuations.

Furthermore, the Company's business model requires it to maintain an inventory of products, and changes in price levels during the turnover period could lead to unexpected shifts in demand for the Company's products. In addition, the price of fuel and utilities and labor cost have increased in recent years. In addition, any further increase in Saudization requirements imposed on the Company's workforce may lead to an increase in the Company's operational expenditure (for more information, see Section 2.2.5 ("**Risks related to Saudization, non-Saudi employees, and other Labor Law requirements**") of this Prospectus). The Company's operating expenses and costs amounted to 32.3% and 34.7% of the Company's total revenues for the financial year ended on 31/12/2021G and the financial period ended on 30/09/2022G, respectively. Any increases in the Company's operating expenses and costs will also reduce its cash flow, profit margin and funds available to operate the Company's business and for future expansion; which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.6 Risk related to the Company's supply chain

The Company's ability to distribute approved medical implants, devices and high-tech consumables depends on its ability to procure such products from sources approved by the SFDA and the MoC. Therefore, the Company supports its suppliers by effectively navigating the complex registration process. The Company could encounter problems in obtaining government approvals on behalf of its suppliers who may not fulfil the conditions required for obtaining these approvals, or they may not be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the healthcare sector in general or the particular processes with respect to the granting of necessary approvals; which would interrupt or delay the Company's operations and adversely and materially affect the Company's business, result of operations, financial position, and prospects.

2.1.7 Risks associated with regulations, permits, licenses and approvals necessary for the Company's business

The Company is required to obtain and maintain the necessary regulatory permits, licenses and approvals from relevant government authorities for its business operations and activities. These permits, licenses and approvals include, but are not limited to, SFDA licenses, commercial registration certificates for the Company issued by the MoC, MOMRAH licenses, civil defense permits, chamber of commerce membership certificates, trademark registration certificates, Saudization, GOSI and Zakat certificates in each case relating to the business operations of the Company (for further information, see Section 3.18 ("**Material Licenses**") of this Prospectus).

In order to operate the Company's warehouses and distribute its medical implants, devices and high-tech consumables, the Company must obtain various permits, licenses, certificates and other approvals from the relevant authorities. These include, the MOMRAH licenses, SFDA licenses, civil defense permits. Operation of the Company's warehouses requires an SFDA license. Each approval is dependent on the satisfaction of certain conditions. The Company could encounter problems in obtaining/renewing government approvals or in fulfilling the conditions required for obtaining these approvals, or it may not be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the healthcare sector in general or the particular processes with respect to granting of necessary approvals.

In this regard, except as set forth in Section 3.18 ("**Material Licenses**") of this Prospectus, the Company has obtained valid civil defense permits for all of its branches and valid MOMRAH licenses for all of its branches save for the Jeddah branch. Furthermore, the Company has obtained valid SFDA warehouse licenses for its two warehouses. Most of the Company's existing licenses are subject to conditions under which they might be suspended or terminated if the Company fails to fulfil and abide by the underlying conditions. Moreover, when seeking to renew or amend the scope of a license, there is no guarantee that the concerned authority will renew or amend the license or that, if it does renew the license, no conditions will be imposed that would adversely affect the Company's performance.

If the Company does not obtain or renew a license necessary for its operations, or if any of its licenses expire, are suspended, or renewed under unfavorable terms to the Company, or if the Company is unable to obtain additional licenses required in the future, the Company will be required to cease carrying on its business totally or partially or will be subject to fines issued by the relevant governmental authorities, including Civil Defense fines up to thirty thousand Saudi Riyals (SAR 30,000) or MOMRAH fines up to five thousand Saudi Riyals (SAR 5,000)

for each infringing location. Additionally, the Company may be subject to sanctions issued by the SFDA including fines up to five million Saudi Riyals (SAR 5,000,000) and/or suspension of medical device marketing authorizations for a period not exceeding one year; which would interrupt or delay the Company's operations and cause the Company to incur additional costs, and would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

Due to the rapid development of the regulatory environment in the Kingdom, there can be no assurance that future laws and regulations would not render the Company's operations non-compliant or that it would always be in full compliance with applicable laws and regulations. Compliance with future laws and regulations may require the Company to change its business models and practices at an undeterminable and possibly significant financial cost. These additional monetary expenditures may increase future overhead, which may, in turn, have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.8 Risks related to the regulatory requirements imposed by the SFDA and other regulators

The Company is subject to extensive, complex, costly and evolving regulations governing the sale and distribution of medical devices in the Kingdom. The regulatory framework applicable to the activities of the Company includes, among other rules and regulations, the Medical Devices and Supplies Law, which was recently introduced in Saudi Arabia by virtue of Royal Decree number M/54 dated 06/07/1442H (corresponding to 18/02/2021G) and followed by its Implementing Regulations issued by the SFDA's board resolution number 3-29-1443 dated 19/02/1443H (corresponding to 26/09/2021G). Each of these regulates differently the processing, formulation, packaging, labelling, storage, record-keeping, transportation, maintenance, marketing, import sale and distribution of the Company's products.

In the Kingdom, the SFDA is the authority responsible for regulating, overseeing and controlling drugs, medical devices, food products, and cosmetics, imported or locally manufactured in Saudi Arabia. The Implementing Regulations of the Medical Devices and Supplies Law, issued by the SFDA's board resolution number 3-29-1443 dated 13/02/1443H (corresponding to 26/09/2021G) govern the activities related to the design, manufacturing, import, marketing, distribution and storage of medical devices and supplies.

The SFDA and regulatory bodies in the other jurisdictions where the Company operates rigorously monitor and enforce compliance by the companies in the healthcare sector with the relevant regulations. Should it fail to observe the SFDA's standards or the laws and regulations governing the sale and distribution of medical devices, the Company could be subject to penalties, including but not limited to a fine up to SAR 5,000,000 and/or suspension of medical device marketing authorizations for a period not exceeding one year, both of which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.9 Risks related to quality or product recalls affecting the Company's products

There can be no assurance that the products that the Company provides will not become subject to previously unknown safety or efficacy concerns or unknown side effects. Concerns regarding the safety or efficacy of products stored at the Company's Warehouses or the safety and quality of the Company's supply chain could cause the Company's customers to avoid purchasing certain products distributed by the Company, or to seek alternative sources, even if the basis for the concern is outside of the Company's control.

Adverse publicity about these concerns, whether or not ultimately based on factual assertions, and whether or not involving products sold by the Company, would discourage customers from buying the Company's products, which would harm the Company's reputation and have a material and adverse effect on the Company's business, results of operations, financial position, and prospects.

In addition, the products that the Company distributes may be subject to product recalls, including voluntary recalls or withdrawals, if they are alleged to cause injury or illness or if they are alleged to have been mislabeled, misbranded, or adulterated or to otherwise be in violation of governmental regulations. The Company may also voluntarily recall or withdraw products that it considers nonconforming with its quality standards in order to protect its brand and reputation. If there is any future product withdrawal that could result in substantial and unexpected expenditures, destruction of product inventory, damage to the Company's reputation, and lost sales due to the unavailability of the product for a period of time, the Company's business, financial position, results of operations or prospects may be materially adversely affected.

2.1.10 Risks related to Customers' non-acceptance of Company Products

The Company's ability to market the products it distributes successfully depends, in part, on the acceptance of products by its customers, which include public and private hospitals. The Company relies to a significant extent on the strength of the brands and reputation of the manufacturers it represents. Unanticipated side effects of the medical implants, defects of the medical implants, devices and high-tech consumables, or unfavorable publicity about its suppliers or the products that the Company distributes, will have an adverse effect on the Company's ability to achieve acceptance by its customer base.

In addition to relying on brand and reputation, acceptance of any of the Company's products by the medical community depends upon a variety of factors, many of which are beyond the Company's control, including:

- the safety and efficacy of the product;
- the effectiveness of the Company's sales force;
- the product's price;
- the product's perceived advantages and disadvantages relative to competing products; and
- the extent to which the medical implants cause side effects.

If the Company's products are approved by the regulatory authorities but do not achieve an adequate level of acceptance by its customer base, the Company may be unable to generate sufficient or any revenues from these products to make them profitable. If the Company's products fail to maintain significant market acceptance, this will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.11 Risks related to cross border sales of products in foreign countries

As at 30 September 2022G, a portion representing 8% of the Company's sales is sold outside of the Kingdom, which represent the Company's Subsidiary sales in the United Arab Emirates. As part of its business strategy and growth plan, the Company plans to further expand product sales into the rest of the GCC countries, which will result in an increase in cross border sales and purchases. Cross-border operations are subject to risks, including but not limited to:

- difficulties and costs associated with complying with a wide variety of complex domestic and foreign laws, regulations and treaties, some of which are subject to change;
- legal uncertainties regarding, and timing delays associated with, customs procedures, tariffs, import or export licensing requirements and other trade barriers;
- differing local product preferences and product requirements;
- increased difficulty in collecting delinquent or unpaid accounts;
- risk of loss or other delays in the delivery of products caused by transportation problems; and
- differing tax regimes.

Any of these factors, individually or in the aggregate, will have a material and adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.12 Operational risks and unexpected interruptions to the Company's business

The Company's success depends to a large extent on the unhindered operation of its warehouses. The operation of the Company's warehouses is prone to a number of risks, including physical damage to buildings, power failures, disruption of equipment and devices, failure of information systems, mechanical failures, the possibility of work stoppages, criminal incidents, civil unrest, natural disasters, fires, operational errors, changes in governmental planning for the land underlying these facilities, or any disruption or delay in the ports or various shipping services in general. The occurrence of any of these or similar incidents would cause a significant disruption to the Company's business, which would affect adversely and materially the Company's business, results of operation, financial position, and prospects.

The Company may not be able to replace its warehouses in a timely manner, should any of the foregoing occur. Furthermore, the leases for the Company's warehouses could be challenged by third parties or government authorities, which may cause interruptions to the Company's business operations. In the event that its use of leased properties is successfully challenged, the Company may be subject to fines and forced to relocate the affected operations. In such an event there can be no assurance that the Company would be able to find suitable replacement sites on terms acceptable to it on a timely basis, or at all, or that it would not be subject to material liability resulting from third parties' challenges on the Company's use of such properties.

In addition, disruptions to the delivery of products to the Company's customers may occur due to a number of reasons such as government restrictions intended to protect public health and safety, such as curfews, or for any other purpose, which may impact the Company's delivery drivers; poor handling; or transportation bottlenecks, any of which could lead to delayed or lost deliveries or spoilage of inventory and disrupt supply of these products, materially and adversely affecting the Company's business, profitability and reputation. The Company's revenues may be reduced due to losses or the cancellation of important orders as a result of shortages or unavailability of particular products demanded by customers due to disruptions to the Company's supply chain. These interruptions may also disrupt product availability, which could result in reduced sales or an increase in costs and will affect adversely and materially the Company's business, results of operation, financial position, and prospects.

2.1.13 Risks related to maintaining the reputation of the ProMedEx brand

The Company's success depends in part on its ability to maintain its image and reputation as a leading medical provider, which the Company believes is associated with the respect, professionalism, excellence, honesty, integrity, and customer-care focus that it displays in all of its endeavors. Any negative campaigns may affect the quality, health and safety of the Company's products, whether actual or perceived, may harm its brand and could cause its customer base to switch to competitors, resulting in a loss of customers and a decline in the Company's market share and revenues.

As on the date of this Prospectus, the Company holds a new trademark that has not yet been registered with the Saudi Authority for Intellectual Property, which may expose the Company to the risk of registering this trademark in the Kingdom by a third party, and may fundamentally and negatively affect the image and reputation of the Company and thus the Company's business, results of operations, financial position and prospects.

The reputation of the ProMedEx brand will be adversely affected as a result of any act by the Company in breach of quality, health, and safety standards imposed by the SFDA (for more details please refer to Section 2.1.8 ("**Risks related to the regulatory requirements imposed by the SFDA and other regulators**") of this Prospectus).

The ProMedEx brand may also be materially and adversely affected by factors beyond the Company's control, including lawsuits, regulatory investigations, fines and penalties against the Company, or otherwise relating to the products the Company provides, or unreported improper or illegal conduct by the Company's employees, and suppliers, that is not authorized by the Company. Furthermore, adverse publicity (whether accurate or not) relating to activities by the Company's Board, Shareholders, Management, suppliers, employees, contractors or agents (such as quality control issues or non-compliance with laws and regulation) will tarnish the reputation of the ProMedEx brand. With the increase in the use of social media, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for the Company to effectively respond.

Any damage to the Company's brand names or reputation as a result of these or other factors may cause its products and services to be perceived unfavorably by patients, regulators, medical professionals and other business partners, which as a result will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.14 Risks related to the Company's Related Party Transactions

The Company, in the ordinary course of its business, may from time to time enter into certain Related Party transactions with its shareholders, key management and affiliated companies and persons. For instance, as of 30 September 2022G, the Company has carried out transactions with a Related Party representing sale of products to Elite Clinics, in the amount of SAR 27,520, which represents 0.02% of the Company's total sale transactions for the financial year ended on 31/12/2021G and SAR 67,126, which represents 0.06% of the Company's total sale transactions for the financial period ended 30/09/2022G. All such transactions have been negotiated and conducted on an arm's-length basis and the terms of these transactions are comparable to those currently contracted with unrelated third parties.

The total balance owed from Elite Clinics amounted to SAR 107,520 and SAR 144,646 as at the financial year ended on 31/12/2021G and the financial period ended on 30/09/2022G, respectively (for further information, see Section 3.19 ("**Related Party Transactions**") of this Prospectus).

At its meeting held on 06/01/1444H (corresponding to 04/08/2022G), the General Assembly approved the Company's sale transactions to Elite Clinics in the amount of SAR 27,520 during the financial year ended on 31/12/2021G. Furthermore, at its meeting held on 24/08/1444H (corresponding to 16/03/2023G), the General Assembly approved the Company's sale transactions to Elite Clinics in the amount of SAR 65,126.25 during the financial period ended on 30/09/2022G.

There can be no guarantee that the Company will be able to renew its contracts with such Related Parties when expired. If any such Related Parties do not renew the agreements entered into with the Company, or renew these agreements but under conditions that are not in line with the Company's objectives, this would adversely affect the Company's business. Under Article 71 of the Companies Law, those Related Party transactions, in which any Director is deemed to have an interest, will need to be approved by the General Assembly. It is also required that any Director and/or Shareholder of the Company, who is deemed to have an interest (such as a shareholder who has a representative Director on the Board), cannot participate in the approval process for such Related Party transaction(s).

If the contracts with Related Parties are not renewed when expired, the Board or General Assembly do not agree to renew these contracts, or otherwise the Related Parties do not agree to renew them under the current terms or under terms that are commercially viable to the Company, then the Company would not be able to enter into new contracts on the same terms or on terms favorable thereto. Any of these factors will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.15 Risks relating to the outbreak of infectious diseases or other serious public health concerns, including the continuing global spread of COVID-19

The outbreak of an infectious disease, such as Middle East Respiratory Syndrome (MERS), H1N1, SARS and, most recently, the Coronavirus (COVID-19) and monkey pox in the Middle East will have a materially negative impact on the Kingdom's economy and business operations of the Company.

Following the outbreak of COVID-19, the Saudi Government implemented a range of precautionary containment measures in response to the outbreak, including travel restrictions or mandatory quarantine measures on international travelers and on residents within cities, regions or provinces of certain countries.

In the event that there is a further increase in the spread of COVID-19, it is difficult to estimate the potential impact this might have on the Kingdom's economy and the business operations of the Company, which could expose the Company to the risk of business interruption. In addition, the supply of certain international products purchased by the Company could be suspended, delayed or otherwise adversely affected. Furthermore, there can be no assurance that any containment measures (such as those outlined above) would be effective in stopping or curtailing future outbreaks. Moreover, it is likely that any containment measures (such as those outlined above) will have a material and adverse effect on the economy and on investor and business confidence to an extent difficult to predict. This will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.16 Risks related to the Company's reliance on its senior Management and key personnel

The Company's success depends on the continued service and performance of its senior Management and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company relies on a number of key individuals in its senior Management team, who have valuable experience within the healthcare sector and who have made substantial contributions to the development of the Company's operations and expansion. Competition for senior Management and key employees in the healthcare sector is intense, and the Company cannot guarantee that it will be able to retain its personnel or attract new, suitably qualified personnel.

The Company may need to invest significant financial and human resources to attract and retain new senior Management members and/or employees. The loss of services of members of the Company's senior Management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert Management's attention to seeking certain qualified replacements or adversely affect its ability to manage its business effectively. Each member of senior Management, as well as key employees, may resign at any time. If the Company loses the ability to hire and retain key senior Management and employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company's business, results of operations, financial position, and prospects.

The Company's senior Management or key personnel could behave in a manner that negatively impacts the Company's business, including through misuse of information or systems, disclosure of confidential information, or disseminating misleading information. Additionally, the Company may not always be able to prevent its senior Management and key personnel from committing any gross misconduct or ensure compliance with internal regulations and policies of the Company, which could result in losses, fines or financial liabilities for the Company, or cause harm to the Company's reputation and will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.17 Risks related to Management's lack of experience in managing a publicly listed Company

Although the Company's leadership team has professional experience at leading multinational firms, the Senior Executives of the Company have limited or no experience in managing a publicly listed joint-stock company in the Kingdom, and complying with the laws and regulations pertaining to such companies. In particular, the internal and/or external training that the Senior Executives will receive in managing a Saudi Arabian publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Company. Non-compliance in a timely manner with the regulations and disclosure requirements imposed on listed companies will expose the Company to regulatory sanctions and fines. The imposition of fines on the Company will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.18 Risks related to Corporate Governance / Newly Established Committee

The Company adopted the Audit Committee's charter and appointed the members of the Audit Committee on 06/01/1444H (corresponding to 04/08/2022G). If the Corporate Governance Regulations become applicable to the Company in the future, the Company will have to update its internal regulations to comply with the mandatory provisions contained in the Corporate Governance Regulations. The Company's success in properly implementing the corporate governance rules and procedures will depend on the extent to which the Board, its Audit Committee and Senior Management comprehend and understand these rules and properly execute such rules and procedures, especially with regard to rules related to conflicts of interest and disclosure requirements. Otherwise, the Company may be subject to regulatory penalties that may have a material negative effect on the Company's business, financial position, results of operations and prospects. The failure of members of the Board's committees to perform their duties and adopt a work methodology that ensures the protection of the interests of the Company and its Shareholders may affect the Company's corporate governance compliance, the continuous disclosure requirements and the Board's ability to monitor the Company's business through these committees, which would have a material negative effect on the Company's business, financial position, results of operations and future prospects.

2.1.19 Risks related to the adequacy of insurance coverage

The Company maintains various types of insurance policies to cover all risks that it may be exposed to during the course of its activities, which are health insurance, comprehensive insurance for commercial vehicles, insurance for goods, vehicles, health and marine transportation. No guarantee is given that the insurance coverage under these policies will be sufficient at all times and in all circumstances, or sufficient to cover all risks to which the Company may be exposed, or that the limits of insurance coverage are sufficient in all cases to cover claims related to insured risks. Moreover, the company did not obtain any insurance policies covering conditions that might cause its customers damage as a result of defective or damaged products. The Company might not be able to successfully substantiate its claim with regard to a certain liability or loss according to the insurance policies in effect because of the exclusions or conditions of insurance coverage, or if the Company has not met certain insurance criteria in respect of a particular claim. This could cause the Company to be liable for paying for accident related losses.

In the future, the Company may be exposed to potential risks that are not sufficiently covered by insurance coverage or not covered at all, such as risks resulting from hostilities, political risks, wars, acts of sabotage, and others. In addition, the Company's existing insurance policies have exclusions or limitations on coverage. The Company's current insurance policies may not be available in the future. Therefore, losses and liabilities arising from entirely uninsured or insufficiently insured risks could significantly increase the Company's costs, which would have a material adverse effect on the Company's business, prospects, results of operations, financial position and prospects.

2.1.20 Risks related to interruptions in the Company's IT network

The provision and application of IT is an important competitive factor in the healthcare industry. Additionally, in order to deliver products that will enable its customers to provide the best quality patient care while optimizing the efficiency of their practice, software and innovation are the key areas that the Company focuses on. The Company's ability to attract and retain customers, to accurately monitor its operations and costs, and to compete effectively depends upon the sophistication and reliability of its IT network on the availability of purchasing services through the website that will be launched soon on some products that can be sold to individuals without a prescription.

External and internal risks, such as malware, code anomalies, attempts to breach the Company's networks, unavailability of required updates or modifications, data leakage and human error all pose a direct threat to the Company's services and data. The Company's networks may also be subject to interruption due to unforeseen "force majeure" events or power outages. These types of adverse events could also occur in the event the confidentiality, integrity or availability of Company and customer information is compromised due to a data loss by the Company or a trusted third party. Additionally, the cost and operational consequences of implementing further upgrades to the Company's IT systems and networks, and data or system protection measures, whether due to expansion, upgrades, new technology, new laws and regulations, or otherwise, could be significant.

The Company's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, the Company and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Company's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a loss of data. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Company's employees may lead to an unintentionally breach and disclosure of such data to third parties despite the objection of all parties involved, which may violate the privacy of affected parties and undermine the reputation of the Company. In addition, this could adversely affect the Company's performance due to judicial proceedings or claims initiated against the Company in case it defaulted in maintaining the safety and confidentiality of data and in ensuring compliance with the relevant controls on disclosing data in an accurate and timely manner via the appropriate channels. Any such breach or other similar event may also lead to a change of current and potential customer behavior in a way that would impact the Company's ability to retain current customers or attract new customers, which would materially and adversely affect the Company's business, results of operation, financial position and prospects.

Any disruption to the internet or the Company's IT systems and/or technology infrastructure, including those impacting the Company's computer systems and website, or the occurrence of any of the aforementioned risks, will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.21 Risks related to potential litigation involving the Company

The Company, its Directors or officers may become involved in lawsuits and regulatory actions with parties including suppliers, employees, competitors, regulatory authorities, consumers or owners of properties leased to the Company for its operations. The Company filed a claim (as claimant) against a hospital (as defendant) before the Riyadh General Court. On 17/07/1444H (corresponding to 08/02/2023G), the Company filed claims with the Riyadh General Court for amounts due for medical devices sold to the defendant as well as legal fees incurred by the Company, totaling SAR 2,235,229. As at the date of the Prospectus, such claim remains ongoing.

Any unfavorable outcome in such litigation and regulatory proceedings would have a material adverse effect on the Company's business, financial position, results of operations, or prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.22 Risks related to inventory levels

The Company had a total inventory (net of provisions) valued at SAR 48.2 million and SAR 68.3 million representing 29% and 34% of the Company's total assets as of the financial year ended on 31/12/2021G and the financial period ended on 30/09/2022G. The Company made provisions of 1 million Saudi Riyals as at 31/12/2021G and made provisions in the amount of 3.1 million Saudi Riyals as at 30/09/2022G. The Company's policy is to seek to maintain four to six months of inventory, as an optimal level, so as to control inventory carrying costs and more efficiently deploy working capital, while ensuring timely delivery of goods, and maintaining the quality and variety of goods and merchandise available to customers. The Company also reviews inventory control methods and procedures periodically in order to minimize spoilage and overstocking of merchandise.

If the Company is not able to maintain optimal inventory, the Company might not be able to meet its customers' needs, or sell products at a profit, either of which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.23 Risks related to the Company's revenue growth rates from its activities

The Company's revenues are derived from the products and services that it provides to its customers, which are affected by various factors and are each subject to many of the risks mentioned in this section of this Prospectus. To name a few, the risks include intense competitiveness in the market which could result in the Company losing market share or having to offer greater discounts to its customers in order to maintain or increase its market share (for more information, please see Section 2.1.29) ("**Risks related to International Suppliers competing with the Company inside the Kingdom**") and Section 2.2.2 ("**Risks related to increased competition in the sector in which the Company operates**") of this Prospectus). If these risks were to occur, the Company's revenue growth rates may be affected. Accordingly, the Company may not be successful in its efforts to increase its revenues or grow its business.

Revenue growth rates in prior periods should not be considered as indicative of future growth rates. The Company may not be able to overcome the risks and difficulties it may face in the healthcare sector, as the demand for healthcare services in the Kingdom may decline or the Company may be forced to cut back on healthcare products, with results decrease in the Company's revenues as a whole, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.1.24 Risks related to Standardized Procurement of Medicines, and Medical Equipment and Supplies

The Kingdom aims to develop the performance level of the healthcare sector by strategically improving healthcare facilities in all public hospitals and medical centers in the Kingdom, and increasing spending efficiency with regard to the procurement of medicines, medical devices and supplies. From this standpoint, the National Unified Procurement Company (NUPCO) was established to provide medical procurement, storage and distribution services for medicines, devices and medical supplies in the Kingdom. The Company's revenues from NUPCO may be concentrated more in the future with regard to government sector purchases of its medical implants, devices and high-tech consumables. In addition, the Company's profit margins may shrink in the future within the framework of the strategy to increase spending efficiency, which will have a negative and material impact on the Company's performance, operational activities, financial position and future results.

2.1.25 Risks related to potential misconduct by third-party service providers

The Company relies on third party service providers for its operations in Saudi Arabia. In particular, orthopedic and surgical products. Consequently, the ability of the Company to maintain consistent levels of inventory for all its medical implants, devices and high-tech consumables in saleable condition would be adversely affected by changes in policies and practices such as pricing, payment terms, scheduling, and frequency of such services or increases in the cost of fuel, taxes and labor, and other factors that are not within the Company's control. Furthermore, there can be no guarantee that the Company's third-party service providers will always provide satisfactory services that meet the standards expected by the Company or that other professional advisors which are not within the control of either the Company or the Board will adequately perform their contractual duties. Additionally, the loss of any third party service contracts, any inability to renew them or any inability to negotiate suitable replacement contracts could result in an adverse effect on the Company. The Company is also at risk should one of these service providers cease operations, and there is no guarantee that the Company could replace these providers on a timely basis with comparably priced providers, or at all. In the event where any of the aforementioned factors occurs, this would have an adverse and material impact on the company's business, financial position, results of operations and prospects.

2.1.26 Risks related to the Company's current financing arrangements

The Company has entered into a number of commercial facilities, which include letter of credit facilities, letter of guarantee facilities, loan facilities and tawarruq facilities. Such commercial facilities include: (1) a facilities agreement between Riyadh Bank and the Company dated 26/07/2022G, for a total limit of SAR 31,500,000 together with ancillary finance documents related to the facilities agreement (the "Riyad Bank Facilities"); (2) a facilities agreement between Saudi National Bank ("SNB") and the Company dated 14 /10/2021G for a total limit of SAR 38,000,000 together with ancillary finance documents related to the facilities agreement (the "SNB Facilities"); and (3) a facilities agreement between Banque Saudi Fransi ("BSF") and the Company dated 16/03/2022G for a total limit of SAR 40,000,000 together with ancillary finance documents related to the facilities agreement (the "BSF Facilities"), (together, the "Finance Documents").

There are various provisions in the Finance Documents which grant favorable termination and amendment rights to the lenders. For example, under the Riyadh Bank Facilities, Riyadh Bank reserves the right to alter, restrict or cancel the facilities fully or partially without notice. Under the SNB Facilities, SNB has the right to, at any time, terminate or suspend or cancel the facilities fully or partially without

notice to the Company and demand repayment at any time. Furthermore, under the BSF Facilities, BSF reserves the right to withdraw or cancel any or all facilities or lower their amount, alter the applicable rates of commission, increase margin and demand repayment of all outstanding and related charges with 15 days' notice. There are also a number of onerous financial covenants given by the Company under the SNB and BSF Facilities, in which the Company commits and undertakes that certain financial ratios will be met.

The financing documents also include obligations on the Company to obtain the approval of the banks before making any changes to its ownership or legal form. On 03/07/2022G, the Company obtained SNB approval to change its legal form, register and list the Company's shares on the parallel market, and offer 1,050,000 ordinary shares representing 30% of the Company's capital. The Company also obtained BSF approval on 31/07/2022G to register and list the Company's shares on the parallel market and offer 1,050,000 ordinary shares representing 30% of the Company's capital. Furthermore, on 29/09/2022G, the Company obtained Riyadh Bank's approval to change its legal form, register and list the Company's shares on the parallel market, and offer 1,050,000 ordinary shares representing 30% of the Company's capital.

In addition, AIOMran Holding Company (a Substantial Shareholder) has issued guarantees in favor of all three aforementioned banks and Riyadh Abdullah Rashed Abunayyan (a Selling Shareholder) has issued a personal guarantee in favor of BSF (the "Guarantees"), to guarantee the obligations of the Company to such banks. It should be noted that the relevant banks will be asked, post-offering, to exclude the Guarantees provided. The Finance Documents included 'on demand facilities' therefore, Guarantees may be called upon at any time by the relevant banks, which will affect the financial position of AIOMran Holding Company and Riyadh Abdullah Rashed Abunayyan, and in turn, reflect on the Company's financial position.

If any of the foregoing risks were to materialize, this would adversely affect the Company's business, results of operations, financial position and prospects.

2.1.27 Risks related to Future Financing

The Company needs to continue to make investments to support the growth of its business, and may require additional funds to address potential business challenges, implement its growth strategy, increase its market share in its current markets, expand into other markets, or broaden its product offering. The cash generated from operations and the Company's existing financial resources may not be sufficient to fund this growth strategy. Accordingly, the Company may seek to raise additional capital or incur additional indebtedness. For various reasons, including any non-compliance with undertakings under existing or future lending arrangements, additional financing or the refinancing of existing lending arrangements may not be available when needed, or may not be available on terms favorable to the Company, if at all. An increase in indebtedness may expose the Company to additional risks. In addition, documentation pertaining to Company indebtedness typically includes covenants that restrict the operations of the Company. If the Company fails to obtain adequate financing on a timely basis or on terms satisfactory to the Company, or if the Company becomes unable to service its debt repayments as they fall due, this will adversely affect the Company's ability to sustain its operations or achieve its planned rate of growth, which would adversely and materially affect the Company's business, results of operations, financial position and prospects.

2.1.28 Risks related to the Volume of Government Spending on the Company's products and the Healthcare Sector

The majority of the Company's Key Customers are Saudi health institutions affiliated with Government agencies. The percentage of revenue generated from clients in the Government sector was about 39% for the financial year ended on 31/12/2021G, and 61% for the financial period ended on 30/09/2022G of the Company's total revenues. Noting that, in the 30 September 2022 budget, the Company's sales to one of its Key Customers were classified as government sector sales, which represent alone 40% of said total revenues.

The Company's operations and business depend mainly on the volume of Government spending in the health sector and on the size of budgets and allocations determined by the Kingdom's Government in relation to this sector. Accordingly, any unfavorable fluctuations in the level of macroeconomic performance in the Kingdom may negatively affect government spending in general, and that related to the health sector in particular, which may reflect negatively on the Company's business and financial performance. In addition, such fluctuations may affect the Company's ability to collect its dues on their due dates, which will negatively and materially affect the Company's business results, financial performance and prospects.

2.1.29 Risks related to International Suppliers competing with the Company inside the Kingdom

As of the date of this Prospectus, the Company deals with 16 international suppliers with whom it has concluded several distribution agreements under which it has the right to distribute and market their products within the Kingdom (for more information please refer to Section 3.13 ("Key Suppliers") of this Prospectus). Given the presence of many investment opportunities in the Kingdom and the volume of government spending and business movement in general, and the strategy of transforming and developing the health sector in particular, the desire of international companies abroad to work directly inside the Kingdom may increase. In the event that some of the Company's main international suppliers enter the Saudi market directly instead of dealing with it through distribution agreements, this will limit the Company's business volume and its ability to compete and will negatively and materially affect the Company's share in the Saudi market, its business, results of operations, financial position.

2.2 Risks Relating to the Market, Industry and Regulatory Environment

2.2.1 Risks related to the impact of political and economic risks on the Company's operations

The majority of the Company's operations are located in the Kingdom and the Company's financial performance is therefore dependent on the prevailing economic and political conditions in the Kingdom, and on global economic conditions that affect the region's economy.

The oil sector still constitutes a large share of the GDP of Saudi Arabia. Fluctuations in oil prices may occur, and adversely affect the economy of Saudi Arabia. Accordingly, this will have an adverse effect on the Saudi Arabian economy, which in turn will have a material adverse effect on the Company's business, financial position, results of operations, and prospects.

Fluctuations in economic factors, such as the availability of credit for consumers, interest rate levels, unemployment rates, salary levels and tax rates, cost of water and electricity consumption, partial or full removal of subsidies provided by the Saudi government for certain materials, may also affect consumer spending and demand for products offered by the Company. If the Company is unable to respond to market changes, the Company's business, results of operations, financial position, and prospects would be negatively and materially affected.

In addition, although Saudi Arabia enjoys domestic political stability and generally healthy international relations; since early 2011, there has been political unrest in a number of countries in the Middle East and North Africa (MENA) region, including Saudi Arabia. This unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war and has given rise to a number of regime changes and increased political uncertainty across the region. It is not possible to predict the occurrence of events or circumstances such as war or hostilities, or the impact that such occurrences might have on the Kingdom. Recent and ongoing developments may contribute to instability in the region and may have a material adverse effect on the Kingdom's security, attractiveness for foreign investment and capital, attractiveness to tourists, their ability to engage in international trade and, consequently, their economy and financial position would also be negatively impacted. There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, those countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial position and prospects.

Any unexpected major changes in the political, economic or legal environment in Saudi Arabia, other countries in the Middle East, and/or the countries from which the Company sources its products, which include without limitation normal market fluctuations, recession, insolvency, weakness in employment levels, technological shifts and other such developments, may also impact the Company's financial position.

In addition, significant changes in tax or trade policies, tariffs or trade relations between Saudi Arabia and other countries or any changes in their local policies, such as the imposition of unilateral tariffs on imported products, any negative sentiments towards Saudi Arabia in response to increased import tariffs and other changes in Saudi Arabia's trade regulations, would result in significant increases in the Company's costs, restrict the Company's access to suppliers and depress economic activity.

The occurrence of any of the above factors will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.2 Risks related to increased competition in the sector in which the Company operates

The healthcare sector in the Kingdom is highly competitive with respect to the distribution of medical consumables, and the Company expects such competition to increase and intensify in the future. The Company faces competition from other domestic and international providers. These companies may have greater financial, technical, research and development, marketing, distribution, retail and other resources when compared to those that the Company possesses. They may also have longer operating experience, a larger customer base or broader and deeper market coverage. As a result, the Company's competitors may be able to respond more quickly and effectively to new or evolving opportunities, technologies, standards or user requirements than the Company and may have the ability to initiate or withstand significant regulatory changes and industry evolution.

The Company competes with other distributors in Saudi Arabia based, among other things, on the following elements: (1) prices of products; (2) the degree of brand recognition for the quality of products; (3) efficiency of supply chain; (4) reputation and quality of the brands, merchandise and products offered; and (5) ability to understand and respond to customers' demands in a timely manner. Some of the Company's competitors may possess financial, managerial, logistical and human resources exceeding those possessed by the Company. Moreover, a number of different competitive factors would also have a material adverse effect on the Company's business, results of operations and financial position, including, among other things:

- research capabilities for technological innovations to develop and commercialize pipeline products;
- expansion of product portfolios, including through acquisitions and licensing arrangements;
- entry by new competitors into the Company's current and future markets and increased competition from other international and local players;
- two or more competitors merging or forming strong alliances so as to offer additional high-quality products and services at lower cost;
- utilizing innovative sales and marketing methods by the Company's competitors; and
- securing agreements with suppliers on which the Company relies.

Any significant increase in competition may have a material adverse effect on the Company's revenue and profitability as well as on its business and prospects. There can be no assurance that the Company will be able to continually distinguish its services from those of its competitors, preserve and improve its relationships with various participants in the healthcare value chain, or increase or even maintain its existing market share. The Company may lose market share, and its financial position and results of operations may deteriorate significantly if it fails to compete effectively. The occurrence of any of these events will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.3 Risk related to the Competition Law

The Competition Law promulgated by Royal Decree No. M/75, dated 29/06/1440H (corresponding to 06/03/2019G) and its implementing regulations issued by the General Authority for Competition pursuant to Resolution No. 337, dated 25/01/1441H (corresponding to 24/09/2019G) prohibit practices (including agreements or contracts made between entities, irrespective of whether they are written or oral, express or implied) with anti-competitive objectives or effects, including practices such as fixing prices of goods, service fees, or terms of purchase and sale. Should the GAC decide to lead an investigation into the Company, or otherwise conclude that the Company is in breach of the applicable Competition Laws, it may impose on the Company a fine of up to 10% of the total annual sales value which is the subject of the violation or no more than ten million (SAR 10,000,000) Saudi riyals where it proves impossible to estimate such value. Moreover, the GAC may, at its discretion, impose a fine of up to three times the revenues made as a result of the breach and order the (partial or full) suspension of the Company's activities temporarily or permanently in case of repeated breach.

The occurrence of any of the above risks will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.4 Risks related to the changes in laws and government policies in Saudi Arabia

The Company is subject to a range of laws and regulations in Saudi Arabia, which in many cases are applied by governmental authorities in accordance with government policy or directives. Demand for products sold by the Company and its business may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof, including in particular those with application to the healthcare sector in Saudi Arabia.

A number of the laws and regulations applicable to the Company and its operations are relatively new, and the interpretation and enforcement of these laws and regulations may involve uncertainty. There can be no assurance of favorable or unfavorable future changes in laws and regulations and/or governmental policy in Saudi Arabia with respect to the healthcare industry, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement. As a result, there is uncertainty as to the legal protection available to the Company and the Shareholders.

The healthcare industry, in particular (including the regulations that affect the healthcare-related aspects of the distribution sector, such as the importation and sale of medical implants, devices and high-tech consumable) is heavily regulated. The Company's warehouses are regulated by various bodies, including the Ministry of Health ("MoH") and the SFDA, and are subject to extensive regulation relating, among other things, to:

- pricing;
- conduct of operations;
- storage requirements;
- addition of facilities and services;
- qualifications of support personnel.

The Company is unable to anticipate changes in the regulatory environment and therefore could be subject to fines and sanctions, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.5 Risks related to Saudization, non-Saudi employees, and other Labor Law requirements

The Saudization and Nitaqat programs were adopted pursuant to Ministerial Resolution No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi nationals. Compliance with Saudization requirements is a Saudi regulatory requirement compelling all companies carrying out business in Saudi Arabia, including the Company, to employ and maintain a certain ratio of Saudi personnel among their staff. The ratio of Saudi workers varies on the basis of a Company's activities and the professions specifically targeted pursuant to Saudization resolutions. As at the date of this Prospectus, the Company has been classified based on its distribution entity under the Medium Green category (with a Saudization Rate of 48%), which means that it complies with the current Saudization requirements, and will be able to secure work visas and transfer sponsorship.

The Company received Saudization certificates from the Ministry of Human Resources and Social Development for meeting the Saudization requirements. The Company reviews the Saudization and employment rates on a monthly basis to identify the initiatives required to achieve the employment plans, the required Saudization Rates, and any future amendments to the Saudization Rates.

Under the Saudi Labor Law, foreign employees are only permitted to work for the corporate entity that sponsors them in Saudi Arabia or through the Ajeer program. The Company employs a number of non-Saudi employees who are sponsored by third party recruiting companies and other Related Parties. The fees for transferring employees from one company to another are between SAR 2,000 and SAR 6,000 (depending on the number of times an employee has transferred their sponsorship in the past). For further information on the employees, please refer to Section 3.20 ("**Employees**") of this Prospectus. The risks related to the requirements applicable to non-Saudi employees include facing fines or penalties, such as suspension of MHRSD recruitment systems or services in the event of violating laws pertaining to Iqama, transfer of sponsorship, Ajeer notices, secondment, and residency professions, which would adversely affect the Company's business and results of operations. The penalties for entities seconding foreign employees under their own sponsorship to another entity without an Ajeer notice include, for a first-time violating entity, a fine of SAR 25,000 for each employee working in violation of the law, and these fines increase in for repeated offences.

In addition, under the Saudi Labor Law, each foreign employee must carry out the job function stated on his/her Iqama. As at the date of this Prospectus, 17 of the Company's non-Saudi employees were working in jobs not compatible with the job stated on their Iqamas. The penalties for entities hiring employees whose actual job function does not correspond with the job function appearing on their Iqama include, for a first-time violating entity, a fine of SAR 10,000 for each employee working in violation of the law, and these penalties increase in case of repeated violations.

The Company may not be able to fulfil current or amended Saudization or other Labor Law requirements in the future or that the minimum wage required to be paid by the Company will not increase. In case of non-compliance with the requirements pertaining to Saudization or non-Saudi employees, the Company could face sanctions by governmental authorities. In addition, the Company may be unable to provide the required workforce or recruit the required number of Saudi nationals and/or foreign workers without incurring additional costs, if at all, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.6 Risks related to changes to import laws and regulations

The Company imports medical implants, devices and high-tech consumables distributed thereby. The Company's imported products represent 100% of the total purchases of the Company's products for the financial year ended on 31/12/2021G and the financial period ended on 30/09/2022G. Therefore, the import laws in the Kingdom and export laws in jurisdictions from which the Company or its suppliers import the products that the Company distributes has a significant effect on the Company's business. The imposition of legal requirements or new regulations, such as the Saudi Government's recent decision to increase customs tariffs to 5%, anti-dumping duties or customs tariffs and other measures, whether adopted by countries or by regional trade blocs, may affect the prices of products and goods imported by the Company, and thus will be reflected on the Company's ability to provide competitive sales offerings at its branches, which in turn would materially and adversely affect the Company's business, results of operations, financial position and prospects. In addition, if importation regulations become more restrictive with regard the goods that the Company purchases from vendors, or certain sanctions or embargos are imposed on these jurisdictions by the United Nations, other supranational organizations or other governments, this will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.7 Risks related to the imposition of additional fees or new taxes

The Company is currently subject to Zakat, VAT, and withholding tax given that some of the Company's transactions are with foreign parties not registered in the Kingdom. However, the government may impose other fees or additional taxes on companies in the future.

With effect starting on 01/01/2018G, certain GCC states have implemented a VAT regime of 5%, with the remaining GCC states expected to implement VAT in the near future. On 11/05/2020G, the government of the Kingdom announced that the VAT rate in the Kingdom would increase from 5% to 15% as of 01/07/2020G.

Since its registration with the VAT authority on 01/01/2018G until the date of this Prospectus, the Company has submitted all its VAT declarations by the statutory deadlines. The Company also paid all liabilities owed to the Zakat, Tax and Customs Authority by the statutory deadlines.

Given that the VAT has been implemented relatively recently, the Company could make errors when implementing the regulatory requirements, which would lead to penalties being imposed by the Zakat, Tax and Customs Authority in accordance with the VAT Law. Should that occur, it will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

The implementation of changes to the current applicable taxes, or any other new taxes and fees imposed on companies, other than the current ones and any potential future VAT increase may reduce the level of demand for the Company's products or affect its profitability, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.8 Risks related to changes in the calculation of Zakat and income tax

The Zakat, Tax and Customs Authority issued Circular No. 6768/16/1438 dated 05/03/1438H (corresponding to 05/12/2016G), which obliges Saudi listed companies to calculate income and Zakat on the basis of shareholder nationality and the ratio of actual ownership between Saudi and GCC citizens and others as stated in the "Tadawulaty" system at the end of the year. Prior to the issuance of said circular, listed companies were generally subject to the payment of Zakat or tax on the basis of the ownership held by their founders under their bylaws, and the impact of listed shares was not taken into account in determining the Zakat base. This circular was to come into effect for the financial year ended 31/12/2016G and subsequent years. However, the Zakat, Tax and Customs Authority issued Letter No. 12097/16/1438 dated 19/04/1438H (corresponding to 17/01/2017G), which postponed the implementation of said circular until the financial year ended 31/12/2017G and subsequent years.

Until the Zakat, Tax and Customs Authority issues directives regarding the mechanisms and procedures for implementing this circular, the implementation thereof, including final requirements that must be met, are still under review, as are the rules imposing income tax on all non-GCC residents who are shareholders in Saudi listed companies subject to withholding tax on dividends paid to non-resident shareholders, regardless of their nationalities. In the event that the financial impact of this circular, if applied, is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, such occurrences will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.9 Risks related to Zakat

Since its formation until the financial year ended on 31 December 2021G, the Company filed its Zakat declarations and paid related liabilities when due. The Company obtained Zakat certificates from ZATCA for all years until the year ended on 31 December 2021G, valid until 30/04/2023G.

In accordance with accounting laws, and in accordance with ZATCA's laws and directives, the Company made a Zakat provision to meet any additional Zakat liabilities resulting from the assessments issued by the Zakat, Tax and Customs Authority, the Company received the final Zakat assessments from ZATCA until 2019G and subsequently settled required additional amounts. The Company's Zakat provision amounted to SAR 1,191,347 and SAR 1,291,888 as at the financial year ended 31 December 2021G and the financial period ended 30 September 2022G. As at the date of this Prospectus, there are no provisions related to Zakat differences and there are no existing disputes or claims for zakat differences with ZATCA. The Company cannot anticipate whether ZATCA will approve its Zakat and tax estimates for each future financial year, as ZATCA may impose substantial Zakat differences on the Company that exceed the Company's ability to pay, which may subject to Company to the penalties stipulated under the Zakat collection implementing regulations, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.2.10 Risks related to Currency Exchange Rate Fluctuations

Currency exchange risk is reflected in the fluctuation of the value of financial investments due to changes in foreign currency exchange rates. Companies face currency exchange risks mostly when they have business relationships with international parties or suppliers of goods imported from abroad that require them to deal with foreign currencies. The Company's financial transactions are conducted in Saudi Riyal, US Dollar and Euro, and accordingly it is exposed to the risks of fluctuation in foreign exchange rates with regard to its obligations and expenses related to the US Dollar and Euro. Any unexpected large fluctuations in exchange rates will adversely affect the Company's results of operations, financial position and prospects.

2.2.11 Risks related to Interest Rate Volatility

Interest rates may change depending on economic, political, or regulatory variables, locally or globally, whether fixed or variable, which are due to the Company's financiers. Consequently, this will lead to an increase in the financing costs that the Company needs, which will have a material adverse impact on the Company's business, results of operations, financial position and prospects.

2.3 Risks Related to the Offer Shares

2.3.1 Risks related to actual control by the Substantial Shareholders on the interests of the Company and other Shareholders

Following completion of the Offering, the Substantial Shareholders will collectively hold (directly or indirectly) 70% of the issued Offer Shares. The Substantial Shareholders will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts, important Company activities, distribution of dividends and amendments which might be made to the Company's share capital and Bylaws.

The interests of the Substantial Shareholders may differ from those of the Company's other Shareholders, and the Substantial Shareholders may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Company's other Shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discourage bids for the Offer Shares, which may adversely affect the value of the Offer Shares.

Such powers might be used in a manner that will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

2.3.2 Risks related to the absence of a prior market for the Offer Shares

There has been no previous public market for offering or trading the Offer Shares, and there can be no assurance that an active and liquid market for the Offer Shares will develop or be sustained after the Offering. Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price and demand for the Offer Shares. If an active and liquid market is not developed or maintained, the trading price of the Offer Shares will adversely and materially affect Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.3.3 Risks related to future sales and offers of Shares

Sales of large numbers of the Offer Shares on the market after the completion of the Offering, or the perception that those sales will occur, will adversely affect the market price of the Offer Shares.

Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a lockup period of 12 months during which they may not dispose of any Shares that they own. The sale of a substantial number of Shares by any of the Substantial Shareholders following their 12 month lock-up period will have an adverse effect on the market for the Shares, and may result in a lower market price.

If and when the Company decides to raise additional capital by issuing new Shares, the newly issued Shares may cause the value of the Shares to drop. The occurrence of any of the foregoing factors will have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.3.4 Risks related to fluctuation in the market price of the Offer Shares

The Offer Price has been determined based upon several factors, including the past performance of the Company, the forecasts for the Company's business, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. The Offer Price may not be equal to the price at which the Offer Shares will be traded following completion of the Offering, and investors may not be able to resell the Offer Shares at the Offer Price or above, or may not be able to sell them at all.

In general, the stock market is exposed, from time to time, to significant fluctuations in price and volume. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Company's performance and results of anticipated operations, departures of key personnel, changes in earnings estimates or forecasts, changes in the business strategy, market conditions in its industry, the general situation of the Saudi Arabian economy, changes in laws and regulations, terrorist acts, acts of war, natural disasters and other calamities and stock market price fluctuations. The realization of any of these risks or other factors will have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2.3.5 Risks relating to the Company's ability to distribute dividends

Future distribution of dividends will depend on several factors including, among other things, future earnings, financial positions, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. In addition to other factors, the Company may not be able to pay dividends, and the Directors may not recommend and the Shareholders may not approve the payment of dividends. Additionally, the Company may be restricted by the terms of financing and facilities agreements executed with financing entities which some of them require their written approval prior to making dividend payments to Shareholders. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for distribution of dividends. If the Company does not pay dividends on the Offer Shares, Shareholders may not receive any return on investment in the Offer Shares unless they sell the Offer Shares at a price higher than the price at the time of purchase, which will have a material adverse effect on Subscribers' anticipated returns. For further details regarding the dividends policy of the Company (please refer to Section 5 ("DIVIDEND DISTRIBUTION POLICY") of this Prospectus).

2.3.6 Risks related to the the General Assembly not approving the Recommendation of the Board of Directors to distribute Dividends to the Shareholders.

On 17/11/1444H (corresponding to 06/06/2023G), the Board of Directors undertook to recommend to the General Assembly the distribution of dividends up to 65% of the Company's net profit for the financial years ended on 31/12/2023G and 31/12/2024G, after reviewing the audited financial statements of the Company for the aforementioned financial years - in line with the Company's Bylaws, the Companies Law and its implementing regulations. The General Assembly will be invited to vote on these recommendations post-listing. The Company does not guarantee the distribution of such dividends in the event that the General Assembly does not approve any of the recommendations of the Board of Directors.

2.3.7 Risks related to the failure of publishing research or the publishing of unfavorable research about the Company

Following the listing of the Shares, trading price and volume of the Shares will be influenced by the research and reports that research analysts publish about the Company or the industry. If one or more of the analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the latter could lose visibility on the Saudi Exchange, which in turn could cause the market price of the Shares or trading volume to decline. Moreover, if the Company operating results do not meet the expectations of investors, one or more of the analysts who cover the Issuer may change their recommendations regarding the Company, and its stock price will decline.

2.3.8 Risks related to the Company not being able to meet the current requirements to move to the Main Market or any future Regulatory Requirements

The Company may want in the future to move to the Main Market, and then, it must meet all regulatory requirements issued by the CMA and the Saudi Exchange, in particular the relevant OSCOs requirements and Listing Rules, related to the transfer of Companies listed on the Parallel Market to the Main Market. Accordingly, in the event the Company is unable to fulfil these requirements or any additional future regulatory requirements, the Company will not be able to move to the Main Market. Since trading on the Parallel Market as of the date of this Prospectus is limited to qualified investors, this may negatively affect the liquidity of the Shares and their market value.

2.3.9 Risks related to the Company's desire to remain on the Parallel Market

After listing on the Parallel Market, and after the statutory period under the listing rules has passed and the Company has fulfilled the conditions for transitioning to the Main Market, the Company may wish to continue trading its shares on the Parallel Market instead of moving to the Main Market. Since trading on the Parallel Market as at the date of this Prospectus is limited to qualified investors only, this may negatively affect the liquidity of the Company's Shares and their market value.

3

THE COMPANY

3.1 Overview of the Company and its Business Activities

Professional Medical Expertise Company (“ProMedEx” or the “Company”) is a Saudi company established in 2010G under commercial registration No. 2052001627 dated 14/08/1431H (corresponding to 26/07/2010G). The Company started its operation in 2011G. The Company’s registered office is based in Dhahran, office No. 702, Fluor Arabia Building, floor 7, P.O Box 76646, Al Khobar 31952, Kingdom of Saudi Arabia. The current share capital of the Company is thirty-five million (SAR 35,000,000) Saudi Riyals divided into three million five hundred thousand (3,500,000) ordinary shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share. The Company has four branches which include three (3) offices located in Riyadh, Jeddah and Al Khobar, and one warehouse in Dammam. Furthermore, the Company operates two (2) leased warehouses in Jeddah and Riyadh. Additionally, the Company has a fully owned Subsidiary in Dubai, United Arab Emirates.

The Company is a leading medical devices distributor in the Saudi market, representing selected top-notch quality suppliers of innovative state of the art medical technologies. The Company’s main business activities comprise the import and export of medical implants, devices and high-tech consumables and their sale to private and public hospitals and medical centers throughout the Kingdom. The Company carries out its activities under Commercial Registration No. 2052001627, dated 14/08/1431H (corresponding to 26/07/2010G). Pursuant to the Company’s Bylaws and its Commercial Registration Certificate, the Company’s activities consist of the following:

- Agents involved in the sale of medicines.
- Drug warehouse activities.
- Retail sale of medical equipment, tools and supplies.
- Medical Devices warehouse activities.
- Legal representation of medical products and devices’ manufacturers.

The Company has obtained all the statutory licenses necessary to carry out its current activities. Except as described in Section 3.18 (“**Material Licenses**”) of this Prospectus, all such licenses remain valid at as the date of this Prospectus.

The Company’s current activities comprise the import and export of medical implants, devices and high-tech consumables and their sale to private and public hospitals and medical centers throughout the Kingdom.

The Company’s leading customer base consists of more than one hundred and forty (140) public and private hospitals that include a number of surgeons in the Kingdom, exclusively representing sixteen (16) suppliers of innovative state of the art, market leading, quality medical technologies (medical implants, devices and high-tech consumables) specializing in servicing operating rooms and intensive care units (ICU). The Company has an established portfolio of marquee suppliers including, among others, Fresenius, BD, Insulet, Musculoskeletal Transplant Foundation, Globus Medical and ConMed, with exclusive distribution rights with respect to all of these suppliers’ product lines.

The Company is growing rapidly year-on-year and has generated SAR 131.3 million in total revenues for the financial year ended on 31/12/2021G, compared to SAR 74.4 million for the financial year ended on 31/12/2020G. The Company’s net income in the financial year ended on 31/12/2021G was SAR 20.6 million, compared to SAR 9.3 million, for the financial year ended on 31/12/2020G. The Company distributed dividends of SAR 4 million for the financial year ended on 31/12/2020G, SAR 2 million for the financial year ended 31/12/2021G and SAR 16 million for the financial period ended on 30/09/2022G. Furthermore, the Company generated SAR 117.6 million in total revenues for the financial period ended on 30/09/2022G, in comparison with SAR 81.1 million for the financial period ended on 30/09/2021G. The Company achieved SAR 7.1 million in net profits for the financial period ended on 30/09/2022G, in comparison with SAR 9.2 million for the financial period ended on 30/09/2021G.

As at 30/09/2022G, the total number of Company employees was one hundred and thirty (130) employees, including sixty-two (62) medical sales representatives.

3.2 Mission, Vision and Values of the Company

The Company’s mission is to provide distinctive solutions that improve quality of life and enable better patient care in the Kingdom and beyond. Based on its four core values of respect, sense of responsibility, continuous improvement and self-discipline, the Company envisions becoming the GCC’s leading supplier of quality-enhancing medical solutions. The foundations on which the Company is built include:

- satisfying its customers as a key factor in achieving its objectives;
- patient care and well-being, as patients are the Company’s eventual beneficiaries;
- the pursuit of perfection and excellence in all its endeavors;

- professionalism to exceed expectations;
- responsibility and its application in all exchanges;
- honesty and integrity, leading to customers placing their trust in the Company; and
- respect toward all of the Company's employees and contribution to their development, while rewarding them equitably.

3.3 Company Strategy

The Company's strategic priorities are to:

- put its customers first, by delivering outstanding personalized customer experiences and ensuring high quality outcomes and value for money;
- maximize value through healthcare co-ordination, by being a trusted advisor to surgeons and hospitals and delivering efficient seamless experiences that enable better patient care and treatment outcomes;
- be more than just a partner, by becoming a natural extension of customer's organizations, sourcing innovative medical technology solutions to benefit its customers, and to develop the skills of their operating room and intensive care unit staff;
- focus on people and the Company's continuous advancement, by developing and empowering people to make things easier, faster, more personalized and responsive for its customers and partners;
- participate in markets with the potential to make a significant impact, by expanding into activities that meet the most urgent healthcare needs of customers, and build on brand enhancement and the relationship with customers.

3.4 Strengths and Competitive Advantages of the Company

The Company achieves its purpose by utilizing its main strengths and the following competitive advantages:

- **Differentiated service offerings:** by adopting a comprehensive and highly efficient business model that covers the entire value chain (or all activities required to provide its services).

The services that the Company offers are built to provide solutions rather than the more restricted remit of a typical distributor. In addition to managing regulatory affairs, logistics, supply chain and collections, the Company prides itself on its comprehensive training programs, tailored marketing initiatives, specialized sales and post sales service proposition.

- **Specialist team:** The Company employs an effective team with extensive, specialized health experience acting under the leadership of a top tier management team.

The Company's specialized sales force has undergone an extensive training program and has extensive knowledge of all its products, allowing the Company to adopt a customized, solution-oriented, advising approach, working directly with customers, resulting in high-value sales and services, all in partnership with surgeons and with the support of an experienced and well-respected administrative team with extensive experience and strong relationships in the sector.

- **Product and innovation:** specialty and niche positioning bolstered by a unique innovative portfolio.

The Company has a specialty focused portfolio comprising heavyweight, globally recognized suppliers including Globus Medical, Fresenius, BD, and ConMed at the forefront of their specific product specialties with market leading products and a proven track record of introducing cutting-edge, pioneering new innovations such as Globus Medical' Excelsius robotic technology that was used in the first ever robot assisted spine fixation surgery in the Middle East in 2022G.

- **Diversity:** de-risked position due to both its diversified customer and supplier base.

The Company has a diverse stakeholder base of sixteen (16) premium supplier partners and over one hundred and forty (140) blue chip hospital customers minimizing concentration risk and enabling the Company to carefully select its partner and customer relationships built on honesty, trust and excellence.

These strengths enable the Company to enjoy preferred and enduring, multi-year strategic partnerships with its hospital customers and major international suppliers, which in turn has translated into consistent revenue growth and a track record of success including with the National Unified Procurement Company (NUPCO), where in 2021G the Company won all five (5) of the major tenders in which it participated.

3.5 Key Developments of the Company since Establishment

Since its establishment in 2010G by Nouf Ahmad Abdullah Al Bassam and Nasser Mubarak Abdullah Al Qahtani, the Company has managed to become one of the most recognized distributors of implants and trusted partners for physicians across the Kingdom, adding one (1) to two (2) new suppliers to its portfolio every year. As at 30/09/2022G, the Company's supplier base consists of sixteen (16) suppliers, including Fresenius, BD, Insulet, Musculoskeletal Transplant Foundation, Globus Medical and ConMed. Today, the Company distributes over fifty (50) exclusive systems in spinal, cardiac surgery, interventional radiology, obstetrics-gynecology, endoscopy, laparoscopy, general surgery, neurosurgery, vascular and sports operations under 3,701 SKUs.

The key milestones achieved in relation to the Company and its business since its establishment are summarized as follows:

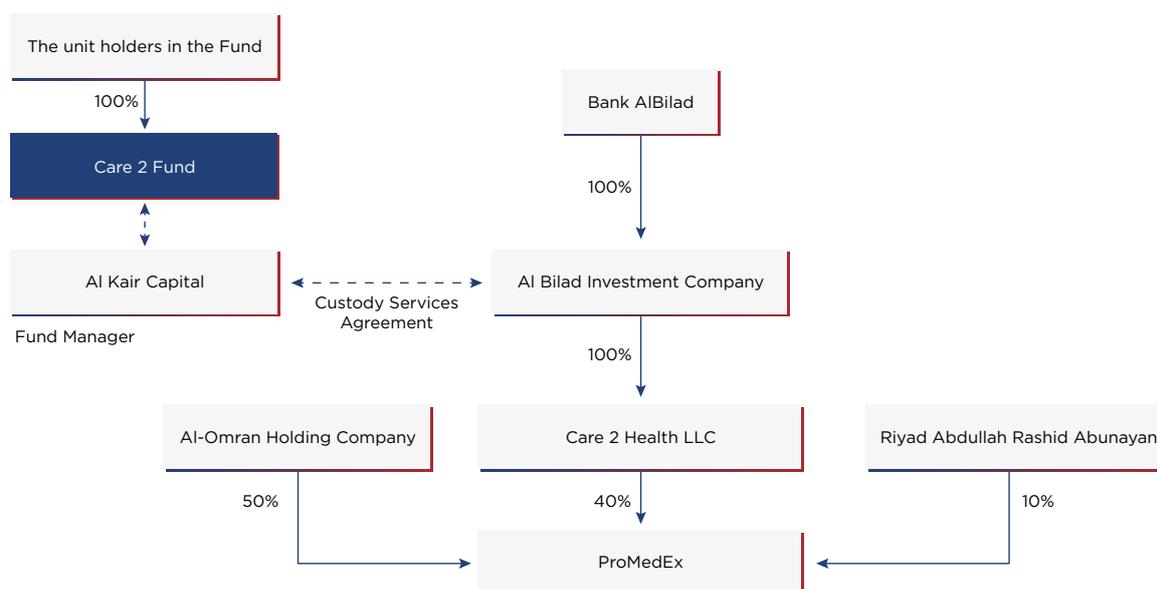
Table No. (3.1): Key Developments of the Company since Establishment

Year	Event/Development
2010G	- Incorporation of the Company under the name "Socrates Specialist Co." (Limited Liability Company) with registered office in Al Khobar and commercial registration No. 2051040259 dated 24/06/1430H (corresponding to 17/06/2010G).
2010G	- The mission statement of the Company was amended to include: "wholesale, retail, import and export of medical instruments and equipment, hospital and surgery supplies, medical; implants and medical products." - The Company's registered office was moved to Dhahran and a new commercial registration No. 2052001627 dated 14/08/1431H (corresponding to 26/07/2010G) was issued. The shareholders resolved that the Company be authorized to open branches in or beyond the Kingdom.
2011G	- The Company received its first purchase order from the King Fahd Specialist Hospital in Dammam.
2012G	- The Company changed its name to Professional Medical Expertise Co. (L.L.C.).
2014G	- The Company started the general surgery department
2018G	- Incorporation of the Company's Subsidiary, Promedex Medical Equipment Trading L.L.C in Dubai, United Arab Emirates
2021G	- The Company entered into its first contract with NUPCO. - The Company converted from a limited liability company to a closed joint stock company.
2022G	- The Company started the ICU sub-specialty and entered the retail market by offering the Insulet products.

Source: Company information

3.6 The Company's Ownership Structure

3.6.1 The Company's Ownership Structure Chart



3.6.2 The Company's Ownership Structure Pre-and Post-Offering

The following table illustrates the Company's Ownership Structure Pre- and Post-Offering:

Table No. (3.2): The Company's Ownership Structure Pre- and Post-Offering

Shareholder	Pre-Offering				Post-Offering			
	No. of Shares	Nominal value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage	No. of Shares	Nominal value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage
Al-Omran Holding Company	1,750,000	10	50%	-	1,575,000	10	45%	-
Care 2 Health Trading LLC	1,400,000	10	40%	-	700,000	10	20%	-
Riyad Abdullah Rashid Abunayan	350,000	10	10%	-	175,000	10	5%	-
Public	-	-	-	-	1,050,000	10	30%	-
Total	3,500,000	-	100%	-	3,500,000	-	100%	-

Source: Company information

3.7 Company Incorporation and Key Evolution of its Capital

The Company was established as a limited liability company under the name "Socrates Specialist Co. (Limited Liability Company)" by Ms. Nouf Ahmad Abdullah Al Bassam and Mr. Nasser Mubarak Abdullah Al Qahtani as per the articles of association notarized before the notary public at the Ministry of Commerce on 14/06/1430H (corresponding to 07/06/2009G) and with commercial registration No. 2051040259 dated 24/06/1430H (corresponding to 17/06/2009G), issued in Al Khobar, with a capital of one hundred thousand Saudi Riyals (SAR 100,000) divided into one hundred (100) cash shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. Upon the Company's incorporation, its shares were allocated amongst its shareholders as follows:

Table No. (3.3): Company Ownership Structure upon Incorporation

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Nouf Ahmad Abdullah Al Bassam	95	1,000	95,000	95%
2.	Nasser Mubarak Abdullah Al Qahtani	5	1,000	5,000	5%
Total		100	-	100,000	100%

Source: Company information

On 05/08/1431H (corresponding to 17/07/2010G), the Company's registered office was moved to Dhahran, thus the Company is registered under commercial registration No. 2052001627 dated 14/08/1431H (corresponding to 26/07/2010G) issued in Dhahran.

On 03/09/1433H (corresponding to 22/07/2012G), Mr. Nasser Mubarak Abdullah Al Qahtani transferred his entire shareholding in the Company, being five (5) shares, to Mr. Abdulrahman Sameer Sulaiman Al Omran, as a new shareholder. The Company's corporate name was also officially changed to Professional Medical Expertise Co. (L.L.C).

The following table illustrates the Company's ownership structure following the above-mentioned share transfers:

Table No. (3.4): Company's Ownership Structure as at 03/09/1433H (corresponding to 22/07/2012G)

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Nouf Ahmad Abdullah Al Bassam	95	1,000	95,000	95%
2.	Abdulrahman Sameer Sulaiman Al Omran	5	1,000	5,000	5%
Total		100	-	100,000	100%

Source: Company information

On 03/06/1434H (corresponding to 13/04/2013G), Mr. Abdulrahman Sameer Sulaiman Al Omran transferred his entire shareholding in the Company, being five (5) shares, to Mr. Mohammed Jamal Mohammed Al Modhyan, as a new shareholder.

The following table illustrates the Company's ownership structure following the above-mentioned share transfers:

Table No. (3.5): Company's Ownership Structure as at 03/06/1434H (corresponding to 13/04/2013G)

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Nouf Ahmad Abdullah Al Bassam	95	1,000	95,000	95%
2.	Mohammed Jamal Mohammed Al Modhyan	5	1,000	5,000	5%
Total		100	-	100,000	100%

Source: Company information

On 28/12/1435H (corresponding to 22/10/2014G), Ms. Nouf Ahmad Abdullah Al Bassam transferred her entire shareholding in the Company, being ninety-five (95) shares to Al-Omran Holding Company, as a new shareholder. Furthermore, Mr. Mohammad Jamal Mohammad Al Modhyan transferred his entire shareholding in the Company, being five (5) shares to Al Nokhbah Investment Company, as a new shareholder.

The following table illustrates the Company's ownership structure following the above-mentioned share transfers:

Table No. (3.6): Company's Ownership Structure as at 28/12/1435H (corresponding to 22/10/2014G)

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Al-Omran Holding Company	95	1,000	95,000	95%
2.	Al Nokhbah Investment Company	5	1,000	5,000	5%
Total		100	-	100,000	100%

Source: Company information

On 08/06/1441H (corresponding to 02/02/2020G), Al-Omran Holding Company transferred thirty (30) of its shares in the Company and Al Nokhbah Investment Company transferred its entire shareholding in the Company, being five (5) shares, to Care 2 Health Trading LLC.

The following table illustrates the Company's ownership structure following the above-mentioned share transfers:

Table No. (3.7): Company's Ownership Structure as at 08/06/1441H (corresponding to 02/02/2020G)

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Al-Omran Holding Company	65	1,000	65,000	65%
2.	Care 2 Health Trading LLC	35	1,000	35,000	35%
Total		100	-	100,000	100%

Source: Company information

On 21/11/1441H (corresponding to 12/07/2020G), the Company's share capital increased from one hundred thousand Saudi Riyals (SAR 100,000) to one hundred and thirty thousand Saudi Riyals (SAR 130,000), divided into one hundred and thirty (130) shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, through the issuance of new shares in favor of Care 2 Health Trading LLC and in favor of Mr. Riyadh Abdullah Rashid Abunayan as a new shareholder in the Company, in exchange for a cash contribution.

The following table illustrates the Company's ownership structure following the aforementioned change in the shareholding.

Table No. (3.8): Company's Ownership Structure as at 21/11/1441H (corresponding to 12/07/2020G)

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Al-Omran Holding Company	65	1,000	65,000	50%
2.	Care 2 Health Trading LLC	52	1,000	52,000	40%
3.	Riyad Abdullah Rashid Abunayan	13	1,000	13,000	10%
Total		130	-	130,000	100%

Source: Company information

On 28/03/1443H (corresponding to 03/11/2021G), the Company's share capital increased from one hundred and thirty thousand Saudi Riyals (SAR 130,000) to five hundred thousand Saudi Riyals (SAR 500,000), divided into five hundred (500) shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share, by way of issuance of new shares in favor of every shareholder, in exchange for a cash contribution.

The following table illustrates the Company's ownership structure following the aforementioned capital increase.

Table No. (3.9): Company's Ownership Structure as at 28/03/1443H (corresponding to 03/11/2021G)

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Al-Omran Holding Company	250	1,000	250,000	50%
2.	Care 2 Health Trading LLC	200	1,000	200,000	40%
3.	Riyad Abdullah Rashid Abunayan	50	1,000	50,000	10%
Total		500	-	500,000	100%

Source: Company information

As per the shareholders resolution dated 05/05/1443H (corresponding to 09/12/2021G), the Company's conversion from a limited liability company to a (closed) joint stock company was approved by the Company's shareholders with a share capital of five hundred thousand Saudi Riyals (SAR 500,000) divided into fifty thousand (50,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share. Ministerial resolution (resolution No. 788) was issued on 24/05/1443H (corresponding to 28/12/2021G) approving the announcement of the Company's conversion, and all procedures have been completed, including the amendment to the commercial register.

The following table illustrates the Company's ownership structure following the conversion:

Table No. (3.10): Company's Ownership Structure following the conversion as per the shareholders resolution converting the Company to a (closed) joint stock company on 09/12/2021G

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Al-Omran Holding Company	25,000	10	250,000	50%
2.	Care 2 Health Trading LLC	20,000	10	200,000	40%
3.	Riyad Abdullah Rashid Abunayan	5,000	10	50,000	10%
Total		50,000	-	500,000	100%

Source: Company information

On 20/11/1443H (corresponding to 19/06/2022G), the Extraordinary General Assembly approved the Company's share capital increase from five hundred thousand Saudi Riyals (SAR 500,000) to thirty-five million Saudi Riyals (SAR 35,000,000), divided into three million five hundred thousand (3,500,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share.

The following table illustrates the Company's ownership structure following the aforementioned capital increase.

Table No. (3.11): Company's Ownership Structure as at 20/11/1443H (corresponding to 19/06/2022G)

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Al-Omran Holding Company	1,750,000	10	17,500,000	50%
2.	Care 2 Health Trading LLC	1,400,000	10	14,000,000	40%
3.	Riyad Abdullah Rashid Abunayan	350,000	10	3,500,000	10%
Total		3,500,000	-	35,000,000	100%

Source: Company information

The Company's Ownership Structure as at the date of this Prospectus is as follows:

Table No. (3.12): Company's Ownership Structure as at the date of this Prospectus

No.	Shareholder	Number of Shares	Par Value (SAR)	Total Share Value (SAR)	Ownership Percentage
1.	Al-Omran Holding Company	1,750,000	10	17,500,000	50%
2.	Care 2 Health Trading LLC	1,400,000	10	14,000,000	40%
3.	Riyad Abdullah Rashid Abunayan	350,000	10	3,500,000	10%
Total		3,500,000	-	35,000,000	100%

Source: Company information

3.8 Overview of the Company's main Shareholders

Al-Omran Holding Company

Al-Omran Holding Company is a limited liability company with commercial registration No. 2050090628 issued in Dammam on 03/06/1434H (corresponding to 13/04/2013G). The registered office of Al-Omran Holding Company is located in Dammam, and its capital is five hundred thousand Saudi Riyals (SAR 500,000), divided into fifty thousand (50,000) shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share.

The following table illustrates the ownership structure of Al-Omran Holding Company as at the date of this Prospectus:

Table No. (3.13): Ownership Structure of Al-Omran Holding Company, as at the date of this Prospectus

No.	Shareholder	No. of Shares	Par Value (SAR)	Ownership (%)
1.	Senea Sulaiman Abdullah Al-Omran	47,500	10	95%
2.	Mohammed Jamal Mohammed Al Modhyan	2,500	10	5%
Total		50,000	-	100%

Source: Company information

Care 2 Health Trading LLC

Care 2 Health Trading LLC (sole shareholder company) is a limited liability company with commercial registration No. 1010616675 issued in Riyadh on 14/04/1441H (corresponding to 11/12/2019G). The registered office of Care 2 Health Trading LLC is located in Riyadh, and its capital is fifty thousand Saudi Riyals (SAR 50,000) divided into five thousand (5,000) shares of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share.

The following table illustrates the ownership structure of Care 2 Health Trading LLC as at the date of this Prospectus:

Table No. (3.14): Ownership Structure of Care 2 Health Trading LLC, as at the date of this Prospectus

Shareholder	No. of Shares	Par Value (SAR)	Ownership (%)
Al Bilad Investment Company	5,000	10	100%

Source: Company information

3.9 Overview of the Company's Subsidiary

Promedex Medical Equipment Trading LLC is a limited liability company with commercial license No. 817313 issued on 24/12/2019G in Dubai, United Arab Emirates. The head office of Promedex Medical Equipment Trading LLC is located in Dubai, and its capital is three hundred thousand United Arab Emirates Dirhams (AED 300,000), divided into three hundred (300) shares of equal value, with a nominal value of one thousand United Arab Emirates Dirhams (AED 1,000) per share. As per the Subsidiary's commercial license, its activities comprise Medical and Surgical Equipment trading and practicing such activities, is dependent on obtaining the required approvals from the Department of the United Arab Emirates (please refer to table 3-24: "Details of the licenses and certificates obtained by the Company and Subsidiary").

The Company's Subsidiary's current activities comprise the import, storage and distribution of active and non-active medical devices, electromechanical medical devices, reusable medical devices, single-use medical devices, diagnostic medical devices, medical software, cardiovascular implantable medical devices, and biological human tissue.

The following table illustrates the ownership structure of Promedex Medical Equipment Trading LLC as at the date of this Prospectus:

Table No. (3.15): Ownership Structure of Promedex Medical Equipment Trading LLC, as at the date of this Prospectus

Shareholder	No. of Shares	Par Value (AED)	Ownership (%)
Professional Medical Expertise Co.	300	300,000	100%

Source: Company information

The following table illustrates the details of the lease agreement entered into by the Subsidiary for its office in Dubai, United Arab Emirates.

Table No. (3.16): Details of the lease contract concluded by the Subsidiary for its office as on the date of this prospectus

Office	Lessor	Nature of relationship	Rental start date	Duration	Renewal
Promedex Medical Equipment Trading LLC	Hamad Suhail Al Khaili Foundation	Independent	15/6/2022G	One year	By agreement between the parties

The following table illustrates the revenues of the Company's Subsidiary in comparison with Company as at the financial year ended on 31/12/2021 and the financial period ended on 30/09/2022.

Table No. (3.17): Details of the revenues of the Subsidiary in comparison with those of the Company as at the financial year ended on 31/12/2021 and the financial period ended on 30/09/2022

SAR	FY2020G	FY2021G	Financial Period ended on 30/09/ 2021G	Financial Period ended on 30/09/2022G
The Company's Revenue from Customer Contracts	72,924,267	126,777,987	78,124,837	108,026,067
The Subsidiary's Revenue from Customer Contracts	1,492,339	4,481,510	3,010,156	9,574,691
Total Revenue	74,416,606	131,259,497	81,134,993	117,600,758
Percentage of Subsidiary's Sales from the Total Revenue	2.0%	3.4%	3.7%	8.1%

3.10 Overview of the Company's Activities

The Company carries out its activities under Commercial Registration No. 2052001627, dated 14/08/1431H (corresponding to 26/07/2010G). Pursuant to the Company's Bylaws and its Commercial Registration Certificate, the Company's activities consist of the following:

- Agents involved in the sale of medicines.
- Drug warehouse activities.
- Retail sale of medical equipment, tools and supplies.
- Medical Devices warehouse activities.
- Legal representation of the manufacturers of medical products and devices.

The Company has obtained all the statutory licenses necessary to carry out its current activities. Except as described in Section 3.18 ("**Material Licenses**") of this Prospectus, all such licenses remain valid as at the date of this Prospectus.

The Company's current activities comprise the import and export of medical implants, devices and high-tech consumables and their sale to private and public hospitals and medical centers throughout the Kingdom.

The Company operates in the healthcare sector and its primary activities are focused in the sectors of spinal, cardiac surgery, interventional radiology, endoscopy, laparoscopy, general surgery, neuro surgery, vascular and sports operations and include among others, the following:

- wholesale, distributions, import and export of medical implants, devices and high-tech consumables;
- information technology and computer services;
- commercial services (export, brokerage and third-party marketing services);
- registration of manufacturers, agencies and products, with the SFDA and the Ministry of Commerce, as the case may be.

The Company operates broadly with a wide range of products while maintaining strict quality controls, in order to earn and maintain the trust of its customers. It generates revenue from the sale of medical implants, devices and high-tech consumables directly to downstream customers such as hospitals, pharmacies, surgeons and other healthcare providers.

Furthermore, the Company operates in the United Arab Emirates through its wholly owned Subsidiary, Promedex Medical Equipment Trading LLC, a limited liability company established in Dubai (for further details please refer to Section 3.9 ("**Overview of the Company's Subsidiary**") of this Prospectus). Notwithstanding, such Subsidiary has contributed 8% to the Company's revenues, as at 30/09/2022G.

3.11 Company branches and warehouses

The Company operates the following four (4) branches in Riyadh, Jeddah, Dammam and Al Khobar, which comprise of three (3) offices and one (1) warehouse, as follows:

1. **Riyadh branch (office)** is under the commercial registration certificate No. 1010613828, dated 03/04/1439H (corresponding to 21/12/2017G). This branch's main activities include the management of hospitals and medical centers, retail in medical instruments, maintenance of institutes, training centers and health centers;
2. **Jeddah branch (office)**, which is the Company's head office, is under the commercial registration certificate No. 4030251913, dated 29/08/1434H (corresponding to 08/07/2013G). This branch's main activities include the management of hospitals, medical centers and pharmacies, wholesale in medical implants, devices and high-tech consumables, import and export for the benefit of the Company, management of training centers and health centers;
3. **Dammam branch (warehouse)** is under the commercial registration certificate No. 2050106678, dated 28/11/1436H (corresponding to 12/09/2015G). This branch's main activities include warehouse apparatus, medical implants, devices and high-tech consumables; and
4. **Al Khobar branch (office)** which is the Company's registered office, is under the commercial registration certificate No. 2051225780, dated 23/08/1440H (corresponding to 28/04/2019G). This branch's main activities include warehouse apparatus, medical implants, devices and high-tech consumables.

Furthermore, the Company operates a warehouse in Jeddah, with an area of two thousand seven hundred (2,700) square feet, with two (2) warehouse managers and six (6) personnel; and a warehouse in Riyadh, which has an area of four thousand nine hundred (4,900) square feet, with one (1) warehouse manager, three (3) warehouse keepers and three (3) delivery specialists. As for the Dammam branch, it has an area of eight thousand (8,000) square feet, and one (1) warehouse manager, two (2) warehouse keepers and one (1) delivery specialist.

The following table illustrates the details relating to the lease agreements entered into by the Company for its branches and the warehouses:

Table No. (3.18): Details of the lease agreements entered into by the Company for its branches and the warehouses, as at the date of this Prospectus

#	Branch / Warehouse	Landlord	Nature of Relationship	Start Date	Term	Renewal
Offices						
1	Jeddah branch	SEDCO	Independent	01/01/2022G	One (1) year	Subject to Parties' consent
2	Riyadh branch	Mohammed I. Alsubeaei & Sons Investment Company	Independent	15/04/2022G	Five (5) years	Automatically renewed for one year unless either party has notified otherwise, 90 days prior to the termination date
3	Al Khobar branch	Fluor Arabia Limited Co.	Independent	27/02/2022G	Three (3) years	Subject to Parties' consent
Warehouses						
4	Riyadh warehouse	Modern Rabiyah Trading Company warehouse	Independent	21/01/2023G	One (1) year	Subject to Parties' consent
5	Jeddah warehouse	Modern Rabiyah Trading Company warehouse	Independent	20/01/2023G	One (1) year	Subject to Parties' consent
6	Dammam warehouse (branch)	Bin-Shihon Real Estate Development Co	Independent	01/03/2022G	One (1) year	Subject to Parties' consent

Source: Company information

3.12 Key Performance Indicators

The following table sets forth the Company's key performance operating metrics, which Management consider to be its key performance indicators for the financial year ended on 31/12/2021G and the financial period ended on 30/09/2022G.

Table No. (3.19): The Company's Key Performance Indicators

Key Performance Indicator	FY2020G	FY2021G	Financial Period ended on 30/09/2021G	Financial Period ended on 30/09/2022G
Sales revenue (in SAR)	74.4 million	131.3 million	81.1 million	117.6 million
Gross margin	53.5%	51.0%	51.5%	45.1%
Net profit margin	12.5%	15.7%	11.3%	6.1%
	(26%)	76.4%	9%	44.9%
Sales growth year-to-date	(In comparison to the financial period ended on 31/12/2019G)	(In comparison to the financial period ended on 31/12/2020G)	(In comparison to the financial period ended on 30/09/2020G)	(In comparison to the financial period ended on 30/09/2021G)
Operating Cash flow (in SAR)	12.0 million	21.0 million	(6.0) million	(7.6) million

Source: Company information

3.12.1 Covered Specialties

3.12.1.1 Overview

As at 30/09/2022G, the Company distributed two thousand two hundred ninety-three (2,293) SKUs comprising different medical implants, devices and high-tech consumables within the three main specializations of the Company. The following table illustrates the products offered by the Company, divided into three (3) main divisions:

Table No. (3.20): Categories of products offered by the Company as at 30/09/2022G

Division	Products	Supplier
Orthopedics	(i) Deformity & degenerative diseases in lumbar & cervical spine; (ii) spine trauma; and (iii) robotic surgery.	Globus Medical
	(i) Neurosurgery power tools; and (ii) cranial implants	Aesculap
	(i) Human bone graft for spinal fixation; (ii) human bone graft for bone void filling; (iii) dental; and (iv) sports medicine.	MTF
	(i) Synthetic bone graft for spinal fixation; (ii) human bone graft for bone void; and (iii) dental.	NovaBone
	(i) Knee replacement irrigation system; and (ii) Orthopedic trauma.	Kinamed
	(i) Knee and shoulder arthroscopy; and (ii) open surgery power tools.	ConMed
	(i) Orthopedic trauma & deformity for pediatrics; and (ii) Pediatrics nailing - plates - screws.	OrthoPediatrics
	Orthopedic trauma & deformity correction for extremities.	Medartis
General Surgery	(i) Patient Preoperative Prep & Skin Antiseptics; (ii) BioSurgery Hemostats & Sealants; and (iii) Hernia Repair and Fixation.	BD
	Radar localization system for breast cancer	Merit
Sub-Specialties	(i) Medical towers for Laparoscopy surgery; (ii) Reusable surgical instruments; and (iii) Disposable surgical instruments.	B Braun Aesculap laparoscopy
	(i) Drug coated balloon; (ii) Self expandable stents (Vascuflex); (iii) Access ports (Celsite); (iv) Vena Cava filter (Venatech); (v) vascular grafts; and (vi) Surecan port needles.	B Braun
	Drug infusion devices for Intensive Care Unit patients	Fresenius Kabi

Source: Company information

3.13 Key Suppliers

3.13.1 Overview of Key Suppliers

The Company's purchases from Key Suppliers (in terms of purchase value) amounted to SAR 63 million and SAR 56 million and represented 81% and 74% of the Company's total net purchases for the financial year ended on 31/12/2021G and for the financial period ended on 30/09/2022G, respectively.

The following table provides an overview of the Key Suppliers for the financial year ended on 31/12/2021G and for the financial period ended on 30/09/2022G.

Table No. (3.21): Key Suppliers as at 31/12/2021G

Rank	Key Supplier	Number of product items purchased	Purchase amounts as at 31/12/2021G	% of total purchases as at 31/12/2021G
1.	Supplier 1	104	34,086,833	43%
2.	Supplier 2	370	10,408,939	13%
3.	Supplier 3	285	8,608,432	11%
4.	Supplier 4	433	7,320,773	9%
5.	Supplier 5	13	2,904,807	4%

Source: Company information

Table No. (3.22): Key Suppliers as at 30/09/2022G

Rank	Key Supplier	Number of product items purchased	Purchase amounts as at 31/12/2022G	% of total purchases as at 30/09/2022G
1.	Supplier 1	78	27,847,307	37%
2.	Supplier 2	355	10,413,004	14%
3.	Supplier 3	75	8,953,043	12%
4.	Supplier 4	362	5,381,337	7%
5.	Supplier 5	919	3,518,005	5%

Source: Company information

3.13.2 Standard supply terms

The Company's relationship with the Key Suppliers is governed by standardized distribution agreements. Such distribution agreements include among others:

- Commercial terms, such as delivery and return policy, shelf life of products, and payment for supplies.
- Duration of the contract and provisions for termination and renewal granted to the parties.

3.14 Key Customers

3.14.1 Overview of Key Customers

The Company's sales to Key Customers (in terms of sales value) amounted to SAR 52 million and SAR 71 million and represented 39% and 61% of the Company's total net sales for the financial year ended on 31/12/2021G and for the financial period ended on 30/09/2022G, respectively.

The following table provides an overview of the Key Customers for the financial year ended on 31/12/2021G and for the financial period ended on 30/09/2021G.

Table No. (3.23): Key Customers at 31/12/2021G

Rank	Key Customer	Revenues as at 31/12/2021G	% of total sales as at 31/12/2021G
1.	Customer 1	20,028,039	15%
2.	Customer 2	8,819,230	7%
3.	Customer 3	8,774,894	7%
4.	Customer 4	8,167,472	6%
5.	Customer 5	5,782,389	4%

Source: Company information

Table No. (3.24): Key Customers at 30/09/2022G

Rank	Key Customer	Revenues as at 31/12/2022G	% of total sales as at 30/09/2022G
1.	Customer 1	46,956,248	40%
2.	Customer 2	8,197,284	7%
3.	Customer 3	6,784,734	6%
4.	Customer 4	4,864,400	4%
5.	Customer 5	4,454,673	4%

Source: Company information

The Company's relationship with Key Customers is governed by standardized agreements and purchase orders, and include commercial terms such as:

- The Company's product purchase prices.
- Delivery Terms.
- Warranty.
- Payment Terms.

The commercial terms contribute significantly to improving the profitability of the Company.

3.15 Trademarks

As of the date of this Prospectus, the Company has one (1) trademark, the “ProMedEx” name, registered in the Kingdom and issued by the Saudi Authority for Intellectual Property under registration number 1439019529, valid until 20/08/1449H (corresponding to 17/01/2028G). The following table illustrates some main details of the trademark registered by the Company:

Table No. (3.25): Main Details of the Trademark Registered by the Company as at the date of this Prospectus

Trademark	Place of Registration	No. of Trademark	Date of Registration	Protection Commencement Date	Protection Expiry Date	Class of Trademark
	Kingdom of Saudi Arabia	1439019529	03/11/1439H (corresponding to 16/07/2018G)	20/08/1439H (corresponding to 06/05/2018G)	20/08/1449H (corresponding to 17/01/2028G)	44

Source: Company information

Furthermore, the Company also uses certain trademarks licensed by its suppliers. The main trademarks include:

- MTF’s trademarks, trade names, service marks and logos;
- NovaBone’s trademarks;
- B. Braun’s name and trademarks;
- MedGyn’s name, trademarks and logos;
- BD’s trademark(s), limited to BD original packaging labels, IFUs, marketing materials or similar;
- US Endoscopy’s trademarks solely for promotion of the products in the territory and industry segment;
- Orthopediatrics’ trademarks indicated on the products and such other trademarks as Orthopediatrics may inform the Company; and
- ConMed’s trademarks and trade names.

3.16 Sales and Marketing

Trained and qualified medical sales representatives in the healthcare field provide product education and promotional sessions to medical professionals. Medical sales representatives focus on working systematically, and building long-term professional relationships with surgeons and clients, sharing the latest scientific information about products and diseases. Medical sales representatives are stationed in two geographic regions (the Kingdom of Saudi Arabia and the United Arab Emirates), and the Company’s local branches and warehouses in both countries handle import, warehousing, and distribution activities.

3.17 Quality Assurance and Control

The adopted quality control systems ensure full commitment to implementing and keeping pace with Food and Drug Authority requirements, which are subject to continuous development. The quality control team ensures that the activities and operations of the Company’s branches and warehouses are in compliance with internationally approved quality measures. Quality tests are conducted in accordance with strict instructions regarding sample size, sampling pattern and sampling standards, as well as monitoring compliance with all work procedures and verifying the application of agreed regulations, including the SFDA’s requirements. The Company is currently in the process of obtaining an ISO certificate and expects to obtain the ISO certificate by November 2022G.

The main quality checks are carried out as follows:

- **Receipt of Products:** Random testing procedures are applied when the products are received by the quality auditor at the Company’s branches and warehouses. Warehouse keepers verify the quantity and condition of all the products received, as suppliers guarantee 100% quality for all medical items, as well as record their findings and communicate them to the operations team. If the shipment does not comply with the logistic or expiration policy, the products are rejected with cause and registered in the system in order to track supplier performance and enhance sampling approach.
- **Storage of Products:** After passing the quality audit, the quality team inspects the storage sites to ensure implementation of appropriate storage procedures and compliance with proper storage and distribution practices for the products. Any negative results are then recorded and reported for corrective action.
- **Preparing Orders:** Quality control entails taking samples from selected orders for verification and validation. Results are then reported daily for required analysis and containers are sealed and labeled with shipping labels in preparation for distribution.
- **Shipping:** The quality control team inspects the collection area for readiness and checks the quality of the means of transportation that will deliver products to hospitals and surgeons. Trucks that do not comply with quality standards,

including with regard to temperature control, are set aside until appropriate corrective measures are taken and approved by the quality control team.

- **Communicating with Sales Outlets:** If a product-related issue is uncovered, the quality auditor is required to issue a non-conformity report to initiate corrective and preventive actions. Internal customer satisfaction is recorded every three months to ensure the quality of service provided.

3.18 Material Licenses

The Company and the Subsidiaries obtained several licenses and legal certificates from the competent authorities in the Kingdom and the United Arab Emirates in order to carry out their activities. Furthermore, the Company renews these licenses and certificates periodically. Set out below are table summaries of the licenses and certificates obtained by the Company.

Table No. (3.26): Details of the licenses and certificates obtained by the Company and Subsidiary

#	Issuing Authority	License / Certificate No.	License / Certificate Type	Expiry Date
Company Licenses				
1	Saudi Food and Drug Authority	IDL-2019-MD-0640	Medical Device Establishment License	06/12/1444H (corresponding to 24/06/2023G)
2	Saudi Food and Drug Authority	06-01-02259	Pharmaceutical Warehouse License	15/09/1445H (corresponding to 25/03/2024G)
3	Saudi Food and Drug Authority	06-02-04131	Pharmaceutical Warehouse License	08/10/1448H (corresponding to 16/06/2027G)
4	Saudi Food and Drug Authority	SWL-2022-MD-0039	Medical Device Warehouse License	29/09/1445H (corresponding to 08/04/2024G)
5	Saudi Food and Drug Authority	SWL-2022-MD-0038	Medical Device Warehouse License	29/09/1445H (corresponding to 08/04/2024G)
6	Saudi Food and Drug Authority	WL-2022-MD-0089	Medical Device Warehouse License	03/11/1448H (corresponding to 10/04/2027G)
7	Ministry of Municipal and Rural Affairs and Housing - Secretariat of Eastern Province - East Dammam Municipality	40112491886	Commercial Activity License	18/04/1447H (corresponding to 10/10/2025G)
8	Ministry of Municipal and Rural Affairs and Housing - Secretariat of Riyadh Area - Olaya Municipality	42105706197	Commercial Activity License	09/02/1444H (corresponding to 05/09/2022G)*
9	General Directorate of Civil Defense (Riyadh)	1-000669001-42	Civil Defense	24/07/1443H (corresponding to 25/02/2022G)*
10	General Directorate of Civil Defense (Dammam)	4-000370187-44	Civil Defense	23/01/1445H (corresponding to 10/08/2023G)
11	General Directorate of Civil Defense (Al Khobar)	1-0001066428-44	Civil Defense	10/08/1445H (corresponding to 25/02/2024G)
12	Ministry of Municipal and Rural Affairs and Housing - Secretariat of Easter Province (Al Khobar)	440511082770	Commercial Activity License	16/08/1445H (corresponding to 26/02/2024G)
13	Easter Province Chamber of Commerce	129922	Membership Certificate	23/06/1445H (corresponding to 05/01/2024G)
14	Easter Province Chamber of Commerce (Dammam Warehouse)	278138	Membership Certificate	24/11/1444H (corresponding to 13/06/2023G)
Subsidiary Licenses				
15	Department of Economic Development (Dubai)	817313	Commercial License	07/04/1445H (corresponding to 22/10/2023G)
16	Dubai Chamber of Commerce and Industry	311110	Membership Certificate	07/04/1445H (corresponding to 22/10/2023G)

Source: Company information

* The Company is currently carrying out the relevant procedures to renew the expired licenses.

Table No. (3.27): Details of the Company’s licenses for legal representatives issued by the SFDA

#	Manufacturer	License No.	Expiry Date
1.	Conmed Corporation	ARL-2019-MD-6002	09/05/1445H (corresponding to 23/11/2023G)
2.	B.Braun Melsungen	ARL-2019-MD-6009	16/09/1445H (corresponding to 26/03/2024G)
3.	OrthoPediatics Corp.	ARL-2019-MD-6000	10/06/1445H (corresponding to 23/12/2023G)
4.	Globus Medical Inc.	ARL-2019-MD-6006	19/06/1444H (corresponding to 01/01/2024G)
5.	Fresenius Kabi AG	ARL-2021-MD-0970	08/11/1447H (corresponding to 25/04/2026G)
6.	MTF Musculoskeletal Transplant Foundation	ARL-2019-MD-6004	05/11/1445H (corresponding to 13/05/2024G)
7.	C.R. Bard, Inc.	ARL-2019-MD-3273	11/03/1447H (corresponding to 03/09/2025G)
8.	Insulet Corporation	ARL-2022-MD-0353	28/10/1444H (corresponding to 18/05/2023G)
9.	United States Endoscopy Group, Inc.	ARL-2019-MD-6007	07/05/1444H (corresponding to 30/11/2023G)
10.	Argentum Medical LLC	ARL-2019-MD-6008	19/06/1445H (corresponding to 01/01/2024G)
11.	OSTEONIC Co. Ltd	ARL-2020-MD-2873	02/01/1447H (corresponding to 27/06/2025G)*
12.	Northern Digital Inc.	ARL-2022-MD-0512	12/01/1447H (corresponding to 27/06/2025G)
13.	Medartis AG	ARL-2021-MD-1822	07/06/1445H (corresponding to 20/12/2023G)
14.	W.O.M. World of Medicine GmbH	ARL-2021-MD-1778	28/05/1445H (corresponding to 12/12/2023G)
15.	Lumitex Medical Devices, Inc.	ARL-2021-MD-1545	25/03/1445H (corresponding to 10/10/2023G)
16.	Touchstone International Medical Science Co., Ltd	ARL-2020-MD-2325	28/08/1445H (corresponding to 09/03/2024G)
17.	MEDELA AG	ARL-2019-MD-5999	29/02/1447H (corresponding to 23/08/2025G)
18.	MEDGYN PRODUCTS, INC	ARL-2019-MD-5998	19/02/1446H (corresponding to 23/08/2024G)
19.	Hangzhou AGS MedTech Co. Ltd	ARL-2019-MD-6005	02/12/1446H (corresponding to 29/05/2025G)

Source: Company information

* The Company is currently carrying out the relevant procedures to renew the expired license.

Table No. (3.28): Details of the Company’s medical device / product marketing authorizations issued by the SFDA*

#	Manufacturer	Authorization No.	Expiry Date
1	Conmed Corporation	MDMA-1-2019-6647	17/03/1447H (corresponding to 09/09/2025G)
2	Conmed Corporation	GHTF-2018-2269	11/04/1446H (corresponding to 14/10/2024G)
3	Conmed Corporation	MDMA-1-2021-1775	25/05/1446H (corresponding to 27/11/2024G)
4	Conmed Corporation	MDMA-1-2019-4650	09/03/1447H (corresponding to 01/09/2025G)
5	Conmed Corporation	MDMA-1-2018-2262	03/02/1446H (corresponding to 07/08/2024G)
6	Conmed Corporation	GHTF-2019-3239	03/02/1446H (corresponding to 18/06/2023G)
7	Conmed Corporation	MDMA-1-2021-1887	15/06/1446H (corresponding to 17/12/2024G)
8	Conmed Corporation	GHTF-2018-2270	05/11/1445H (corresponding to 13/05/2024G)
9	Conmed Corporation	GHTF-2018-2261	08/11/1445H (corresponding to 16/05/2024G)
10	Conmed Corporation	MDMA-1-2022-0440	29/11/1444H (corresponding to 18/06/2023G)
11	Conmed Corporation	GHTF-2020-1186	21/09/1447H (corresponding to 10/03/2026G)
12	Conmed Corporation	MDMA-1-2019-3241	28/12/1446H (corresponding to 24/06/2025G)
13	Conmed Corporation	MDMA18080355	29/11/1444H (corresponding to 18/06/2023G)

#	Manufacturer	Authorization No.	Expiry Date
14	Conmed Corporation	MDMA-1-2020-1109	27/09/1447H (corresponding to 16/03/2026G)
15	Conmed Corporation	MDMA-1-2022-0218	04/08/1446H (corresponding to 03/02/2025G)
16	Conmed Corporation	GHTF-2020-1245	18/11/1447H (corresponding to 05/05/2026G)
17	Conmed Corporation	GHTF-2018-2268	19/06/1445H (corresponding to 01/01/2024G)
18	Conmed Corporation	MDMA-1-2022-0036	04/07/1446H (corresponding to 04/01/2025G)
19	Conmed Corporation	MDMA-1-2021-1797	03/06/1446H (corresponding to 05/12/2024G)
20	Conmed Corporation	GHTF-2019-3237	08/05/1446H (corresponding to 10/11/2024G)
21	B.Braun Medical	GHTF-2019-3224	16/03/1445H (corresponding to 30/09/2023G)
22	B.Braun Medical	GHTF-2019-6648	17/07/1445H (corresponding to 27/01/2024G)
23	B.Braun Melsungen	MDMA-1-2017-1948	18/11/1445H (corresponding to 26/05/2024G)
24	B.Braun Melsungen	GHTF-2018-2258	18/11/1445H (corresponding to 26/05/2024G)
25	B.Braun Melsungen	GHTF-2019-3228	23/11/1444H (corresponding to 12/06/2023G)
26	B.Braun Melsungen	GHTF-2018-2255	22/02/1445H (corresponding to 07/09/2023G)
27	B.Braun Melsungen	GHTF-2020-1673	14/02/1445H (corresponding to 30/08/2023G)
28	B.Braun Melsungen	GHTF-2019-5407	24/11/1444H (corresponding to 13/06/2023G)
29	OrthoPediatics Corp.	GHTF-2021-1270	29/02/1446H (corresponding to 02/09/2024G)
30	OrthoPediatics Corp.	GHTF-2020-1672	14/02/1445H (corresponding to 30/08/2023G)
31	OrthoPediatics Corp.	GHTF-2020-0133	27/06/1447H (corresponding to 18/12/2025G)
32	OrthoPediatics Corp.	GHTF-2020-1428	14/11/1447H (corresponding to 01/05/2026G)
33	OrthoPediatics Corp.	MDMA-1-2020-0040	12/05/1447H (corresponding to 03/11/2025G)
34	OrthoPediatics Corp.	MDMA-1-2020-0108	25/05/1447H (corresponding to 16/11/2025G)
35	OrthoPediatics Corp.	MDMA-1-2020-0241	06/06/1447H (corresponding to 27/11/2025G)
36	OrthoPediatics Corp.	MDMA-1-2020-0107	01/07/1447H (corresponding to 21/12/2025G)
37	OrthoPediatics Corp.	MDMA-1-2020-0062	27/05/1447H (corresponding to 18/11/2025G)
38	OrthoPediatics Corp.	GHTF-2021-1744	19/05/1446H (corresponding to 21/11/2024G)
39	OrthoPediatics Corp.	MDMA-1-2020-0659	23/07/1447H (corresponding to 12/01/2026G)
40	OrthoPediatics Corp.	MDMA-1-2019-4171	09/05/1447H (corresponding to 31/10/2025G)
41	OrthoPediatics Corp.	MDMA-1-2017-1957	12/05/1447H (corresponding to 03/11/2025G)
42	OrthoPediatics Corp.	MDMA-1-2021-1804	04/06/1446H (corresponding to 06/12/2024G)
43	Globus Medical Inc.	MDMA-1-2022-0464	28/11/1446H (corresponding to 26/05/2025G)
44	Globus Medical Inc.	MDMA-1-2019-3233	02/10/1446H (corresponding to 31/03/2025G)
45	Globus Medical Inc.	GHTF-2018-2259	12/06/1445H (corresponding to 25/12/2023G)
46	Globus Medical Inc.	GHTF-2019-3235	08/05/1446H (corresponding to 10/11/2024G)
47	Globus Medical Inc.	GHTF-2019-3234	26/02/1445H (corresponding to 11/09/2023G)
48	Globus Medical Inc.	MDMA-1-2019-3231	05/09/1446H (corresponding to 05/03/2025G)
49	Globus Medical Inc.	MDMA-1-2017-1950	09/06/1447H (corresponding to 30/11/2025G)
50	Fresenius Kabi AG	MDMA-1-2018-1576	18/11/1445H (corresponding to 26/05/2024G)

#	Manufacturer	Authorization No.	Expiry Date
51	Fresenius Kabi AG	MDMA-1-2022-0208	01/08/1446H (corresponding to 31/01/2025G)
52	Fresenius Kabi AG	MDMA-1-2019-2220	21/11/1446H (corresponding to 19/05/2025G)
53	Fresenius Kabi AG	MDMA-1-2017-1486	18/12/1445H (corresponding to 26/05/2024G)
54	MTF Musculoskeletal Transplant Foundation	GHTF-2021-0600	08/10/1445H (corresponding to 17/04/2024G)
55	Bard Access System Inc.	GHTF-2019-1912	12/03/1446H (corresponding to 15/09/2024G)
56	Bard Access System Inc.	GHTF-2017-1210	27/02/1445H (corresponding to 12/09/2023G)
57	Davol, Inc., Subsidiary of C.R. Bard Inc.	GHTF-2016-0970	28/04/1446H (corresponding to 31/10/2024G)
58	Davol, Inc., Subsidiary of C.R. Bard Inc.	GHTF-2017-1178	18/11/1445H (corresponding to 26/05/2024G)
59	Davol, Inc., Subsidiary of C.R. Bard Inc.	MDMA-1-2016-0965	18/11/1445H (corresponding to 26/05/2024G)
60	Davol, Inc., Subsidiary of C.R. Bard Inc.	GHTF-2017-1202	02/11/1446H (corresponding to 29/04/2025G)
61	Davol, Inc., Subsidiary of C.R. Bard Inc.	MDMA-1-2019-1909	01/06/1446H (corresponding to 03/12/2024G)
62	Davol, Inc., Subsidiary of C.R. Bard Inc.	GHTF-2017-1211	04/02/1447H (corresponding to 29/07/2025G)
63	Davol, Inc., Subsidiary of C.R. Bard Inc.	GHTF-2021-1148	18/11/1445H (corresponding to 26/05/2024G)
64	Davol, Inc., Subsidiary of C.R. Bard Inc.	GHTF-2021-1316	06/03/1446H (corresponding to 09/09/2024G)
65	Davol, Inc., Subsidiary of C.R. Bard Inc.	GHTF-2018-1357	04/05/1446H (corresponding to 06/11/2024G)
66	Davol, Inc., Subsidiary of C.R. Bard Inc.	GHTF-2021-0648	20/10/1445H (corresponding to 29/04/2024G)
67	Davol, Inc., Subsidiary of C.R. Bard Inc.	GHTF-2016-0971	18/11/1445H (corresponding to 26/05/2024G)
68	Insulet Corporation	GHTF-2021-1590	25/04/1446H (corresponding to 28/10/2024G)
69	United States Endoscopy Group, Inc.	GHTF-2019-3250	24/10/1444H (corresponding to 14/05/2023G)
70	United States Endoscopy Group, Inc.	GHTF-2019-3248	24/10/1444H (corresponding to 14/05/2023G)
71	United States Endoscopy Group, Inc.	MDMA-1-2019-3249	24/10/1444H (corresponding to 14/05/2023G)
72	United States Endoscopy Group, Inc.	GHTF-2019-3244	26/11/1446H (corresponding to 24/05/2025G)
73	United States Endoscopy Group, Inc.	GHTF-2019-3247	24/10/1444H (corresponding to 14/05/2023G)
74	United States Endoscopy Group, Inc.	GHTF-2021-1020	06/01/1446H (corresponding to 12/07/2024G)
75	United States Endoscopy Group, Inc.	MDMA-1-2019-3245	22/11/1446H (corresponding to 20/05/2025G)
76	United States Endoscopy Group, Inc.	GHTF-2017-1954	19/03/1445H (corresponding to 04/10/2023G)
77	United States Endoscopy Group, Inc.	GHTF-2017-1955	19/04/1445H (corresponding to 03/11/2023G)
78	United States Endoscopy Group, Inc.	GHTF-2017-1956	15/03/1445H (corresponding to 30/09/2023G)
79	United States Endoscopy Group, Inc.	MDMA-1-2019-4172	24/10/1444H (corresponding to 14/05/2023G)

Source: Company information

* It is worth noting that the ownership rights of the licenses listed in this table for the factory are in accordance with SFDA regulations

Table No. (3.29): Details of the Company's low-risk medical device / product registration notice licenses issued by SFDA

#	Manufacturer	Registration No.	Expiry Date
1	Conmed Corporation	LR-202112-C-1403--SFDA-6341	09/07/1445H (corresponding to 21/12/2024G)
2	Conmed Corporation	LR-202112-C-1403--SFDA-6342	19/06/1446H (corresponding to 21/12/2024G)
3	Conmed Corporation	LR-202111-C-1403--SFDA-5451	11/05/1446H (corresponding to 13/11/2024G)
4	Conmed Corporation	LR-202118-C-1403--SFDA-4181	25/02/1446H (corresponding to 29/08/2024G)
5	Conmed Corporation	LR-20223-C-1403--SFDA-4108	14/09/1446H (corresponding to 14/03/2025G)
6	Conmed Corporation	LR-20217-C-1403--SFDA-4181	24/12/1445H (corresponding to 30/06/2024G)
7	Conmed Corporation	LR-202112-C-1403--SFDA-6273	17/06/1446H (corresponding to 19/12/2024G)
8	Conmed Corporation	LR-201911-C-1403--SFDA-5216	14/03/1443H (corresponding to 20/10/2023G)
9	Conmed Corporation	LR-20223-C-1403--SFDA-4107	14/09/1446H (corresponding to 14/03/2025G)
10	Conmed Corporation	LR-20218-C-1403--SFDA-4169	25/02/1446H (corresponding to 29/08/2024G)
11	Conmed Corporation	LR-20213-C-1403--SFDA-0778	20/08/1445H (corresponding to 01/03/2024G)
12	Conmed Corporation	LR-20219-C-1403--SFDA-4438	08/03/1446H (corresponding to 11/09/2024G)
13	Conmed Corporation	LR-202112-C-1403--SFDA-5935	03/06/1446H (corresponding to 05/12/2024G)
14	OrthoPediatrics Corp.	LR-20223-C-1403--SFDA-1067	29/08/1446H (corresponding to 28/02/2025G)
15	Globus Medical Inc.	LR-20223-C-1403--SFDA-1800	29/09/1446H (corresponding to 29/03/2025G)
16	Globus Medical Inc.	LR-20223-C-1403--SFDA-1694	23/09/1446H (corresponding to 23/03/2025G)
17	Globus Medical Inc.	LR-20223-C-1403--SFDA-1663	22/09/1446H (corresponding to 22/03/2025G)
18	Globus Medical Inc.	LR-20223-C-1403--SFDA-1798	29/09/1446H (corresponding to 29/03/2025G)
19	Globus Medical Inc.	LR-20223-C-1403--SFDA-1768	28/09/1446H (corresponding to 28/03/2025G)
20	Globus Medical Inc.	LR-20223-C-1403--SFDA-1746	26/09/1446H (corresponding to 26/03/2025G)
21	Globus Medical Inc.	LR-20223-C-1403--SFDA-1743	26/09/1446H (corresponding to 26/03/2025G)
22	Globus Medical Inc.	LR-20223-C-1403--SFDA-1766	28/09/1446H (corresponding to 28/03/2025G)
23	Globus Medical Inc.	LR-20223-C-1403--SFDA-1744	26/09/1446H (corresponding to 26/03/2025G)
24	Globus Medical Inc.	LR-20223-C-1403--SFDA-1797	29/09/1446H (corresponding to 29/03/2025G)
25	Globus Medical Inc.	LR-20223-C-1403--SFDA-1745	26/09/1446H (corresponding to 26/03/2025G)
26	Globus Medical Inc.	LR-20223-C-1403--SFDA-1767	28/09/1446H (corresponding to 28/03/2025G)
27	United States Endoscopy Group, Inc.	LR-20222-C-1403--SFDA-0699	09/08/1446H (corresponding to 08/02/2025G)
28	United States Endoscopy Group, Inc.	LR-20214-C-1403--SFDA-1598	03/10/1445H (corresponding to 12/04/2024G)
29	United States Endoscopy Group, Inc.	LR-20214-C-1403--SFDA-1598	03/10/1445H (corresponding to 12/04/2024G)
30	United States Endoscopy Group, Inc.	LR-20223-C-1403--SFDA-1054	29/08/1446H (corresponding to 28/02/2025G)
31	United States Endoscopy Group, Inc.	LR-202110-C-1403--SFDA-5030	14/04/1446H (corresponding to 17/10/2024G)
32	United States Endoscopy Group, Inc.	LR-20214-C-1403--SFDA-1563	01/10/1445H (corresponding to 10/04/2024G)
33	United States Endoscopy Group, Inc.	LR-202012-C-1403--SFDA-9711	10/06/1445H (corresponding to 23/12/2023G)
34	United States Endoscopy Group, Inc.	LR-20214-C-1403--SFDA-1570	01/10/1445H (corresponding to 10/04/2024G)
35	United States Endoscopy Group, Inc.	LR-20223-C-1403--SFDA-1249	07/09/1446H (corresponding to 07/03/2025G)
36	United States Endoscopy Group, Inc.	LR-20223-C-1403--SFDA-1573	19/09/1446H (corresponding to 19/03/2025G)

#	Manufacturer	Registration No.	Expiry Date
37	United States Endoscopy Group, Inc.	LR-20222-C-1403--SFDA-0870	20/08/1446H (corresponding to 19/02/2025G)
38	United States Endoscopy Group, Inc.	LR-20223-C-1403--SFDA-1034	29/08/1446H (corresponding to 28/02/2025G)
39	United States Endoscopy Group, Inc.	LR-202012-C-1403--SFDA-9522	29/08/1446H (corresponding to 28/02/2025G)
40	United States Endoscopy Group, Inc.	LR-20223-C-1403--SFDA-1232	07/09/1446H (corresponding to 07/03/2025G)
41	United States Endoscopy Group, Inc.	LR-20222-C--SFDA-0869	20/08/1446H (corresponding to 19/02/2025G)
42	United States Endoscopy Group, Inc.	LR-20222-C-1430--SFDA-0872	20/08/1446H (corresponding to 19/02/2025G)
43	United States Endoscopy Group, Inc.	LR-202110-C-1403--SFDA-4897	02/04/1446H (corresponding to 05/10/2024G)
44	United States Endoscopy Group, Inc.	LR-20214-C-1403--SFDA-1578	02/10/1445H (corresponding to 11/04/2024G)
45	United States Endoscopy Group, Inc.	LR-202012-C-1403--SFDA-9227	21/05/1445H (corresponding to 05/12/2023G)
46	United States Endoscopy Group, Inc.	LR-202110-C-1403--SFDA-4952	07/04/1446H (corresponding to 10/10/2024G)
47	United States Endoscopy Group, Inc.	LR-20211-C-1403--SFDA-0154	30/06/1445H (corresponding to 12/01/2024G)
48	United States Endoscopy Group, Inc.	LR-20213-C-1403--SFDA-1148	11/09/1445H (corresponding to 21/03/2024G)
49	United States Endoscopy Group, Inc.	LR-20214-C-1403--SFDA-1582	02/10/1445H (corresponding to 11/04/2024G)
50	United States Endoscopy Group, Inc.	LR-202012-C-1403--SFDA-9584	07/06/1445H (corresponding to 20/12/2023G)
51	United States Endoscopy Group, Inc.	LR-202012-C-1403--SFDA-9585	07/06/1445H (corresponding to 20/12/2023G)

Source: Company information

Table No. (3.30): Details of the Company's registration certificates of pharmaceutical products issued by SFDA

#	Trade Name	Market Authorization Holder	Manufacturer	Registration Number	Expiry Date
1	BD ChloroPrep with Tint	Becton Dickinson and Company BD	CareFusion	0102221668	24/08/1448H (corresponding to 01/02/2027G)
2	BD ChloroPrep Clear	Becton Dickinson and Company BD	CareFusion	1412200335	23/06/1447H (corresponding to 14/12/2025G)
3	BD ChloroPrep Clear	Becton Dickinson and Company BD	CareFusion	1412200333	23/06/1447H (corresponding to 14/12/2025G)
4	BD ChloroPrep with Tint	Becton Dickinson and Company BD	CareFusion	1412200334	23/06/1447H (corresponding to 14/12/2025G)
5	BD ChloroPrep Swabstick	Becton Dickinson and Company BD	CareFusion	1412200332	23/06/1447H (corresponding to 14/12/2025G)
6	BD ChloroPrep Clear	Becton Dickinson and Company BD	CareFusion	1412200336	23/06/1447H (corresponding to 14/12/2025G)
7	BD ChloroPrep with Tint	Becton Dickinson and Company BD	CareFusion	1412200338	23/06/1447H (corresponding to 14/12/2025G)
8	BD ChloroPrep Swabstick	Becton Dickinson and Company BD	CareFusion	1412200339	23/06/1447H (corresponding to 14/12/2025G)
9	BD ChloroPrep Clear	Becton Dickinson and Company BD	CareFusion	1412200337	23/06/1447H (corresponding to 14/12/2025G)

Source: Company information

3.19 Related Party Transactions

The Company maintains ongoing business relationships with a Related Party, Elite Clinics, which involves the sale of products to Elite Clinics, whereas total sale transactions amounted to SAR 27,520 representing 0.02% of the total Company revenues amounting to SAR 131,259,497 for the financial period ended on 31/12/2021G and SAR 67,126 representing 0.06% of the total Company revenues amounting to 117,600,758 for the financial period ended on 30/09/2022G.

These transactions are deemed concluded with a Related Party as a member of the Board (Mr. Mohammed Al Modhayan) has a direct and indirect interest, in his capacity as the general manager of Al-Omran Holding Company, which in turn has a direct ownership in Elite Clinics.

Furthermore, at its meeting held on 06/01/1444H (corresponding to 04/08/2022G), the General Assembly approved the Company's sale transactions to Elite Clinics in the amount of SAR 27,520 during the financial year ended on 31/12/2021G. Also, at its meeting held on 24/08/1444H (corresponding to 16/03/2023G), the General Assembly approved the Company's sale transactions to Elite Clinics in the amount of SAR 67,126.25 during the financial period ended on 30/09/2022G. Below are the balances and transactions with the Related Party, as at 31/12/2021G and 30/09/2022G.

Table No. (3.31): Payables due from the Related Party as at the financial year ended on 31/12/2021G and the financial period ended on 30/09/2022G

In SAR	Nature of Transactions	FY2021G	Financial period ended on 30/09/2022G
	Direct Sales	90,000	60,000
	Direct Sales	12,520	12,520
	Direct Sales	5,000	5,000
	Direct Sales	-	7,500
Elite Clinics	Direct Sales	-	17,500
	Direct Sales	-	21,045
	Direct Sales	-	10,181
	Direct Sales	-	5,900
	Direct Sales	-	5,000
Total	-	107,520	144,646

Source: the Company

3.20 Employees

As at 30/09/2022G, the Company had one hundred and thirty (130) employees, of whom sixty-two (62) are Saudi nationals, and the Company's Saudization rate was 48%, which is classified under the medium green Nitaqat classification.

The following table illustrates the distribution of employees per department as at 31/12/2021G and as at 30/09/2022G.

Table No. (3.32): Overview of the Company's Employees

Department	Number of Employees					
	Financial year ended on 31/12/2021G			Financial period ended on 30/09/2022G		
	Total o. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees
Executive Management	8	2	6	9	2	7
Operations Management	18	5	13	23	7	16
Supply Chain and Business Support	5	4	1	5	4	1
Finance	14	10	4	19	12	7
Human Resources	5	5	0	5	5	0
Medical Sales Representatives	42	4	38	62	20	42
Regulatory Affairs Department	4	2	2	7	6	1
Total	96	32	64	130	56	74

Source: Company information

3.21 Saudization

The Saudization Program "Nitaqat" was adopted by virtue of His Excellency the Minister of Labor's Decision No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), pursuant to Council of Ministers' Resolution No. 50 dated 21/05/1415H (corresponding to 27/10/1994G). The "Nitaqat" program was implemented on 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi citizens. Through the "Nitaqat" program, the performance of any company is evaluated based on specific categories (classifications), namely the platinum category, the green category (subdivided into low, middle and high) and the red category. Companies in the platinum or green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as: obtaining and renewing work visas or otherwise changing the occupations of its non-Saudi workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements), are deemed to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew non-Saudi employees' work visas or completely prohibiting non-Saudi employees from obtaining or renewing work visas.

It should be noted that the Company has been classified under the medium green category, as it had a total Saudization percentage of 48%, as at 30/09/2022G. The following table illustrates the Company's Saudization percentage, according to the main activity, as at 30/09/2022G:

Table No. (3.33): Saudization Percentage of the Company, by main activity, as at 30/09/2022G

Activity	Nitaqat	Saudization Percentage
Sale of Medical devices and equipment	High Green	43.90%
Legal authorized representative medical manufacturing	Platinum	58.62%
Sale of health and herbal products	High Green	43.90%
Drug Warehouse	Medium Green	28.57%

Source: Company information

3.22 Future Plans and Growth Opportunities

The Company's expansion plan includes a short-term strategy that focuses on its core growth, which the company seeks to achieve by providing products for more specialties that directly meet the needs of patients and surgeons in the operating room and intensive care unit, accommodating new international suppliers, and expanding its customer base to include hospitals across the Kingdom.

In the medium term the Company will aim to further enhance its position in the United Arab Emirates by strengthening its specialty and supplier offering in line with its comprehensive offering in the Kingdom. In parallel, the Company will seek to further expand geographically into the remaining GCC countries, leveraging its established existing relationships with global suppliers and regional hospital groups to realize its vision of becoming the GCC's leading quality driven medical solutions provider.

In the longer term, the Company is exploring opportunities to enhance its proposition by further leveraging and deepening its supplier relationships to expand its activities across the value chain and into local manufacturing onshore in the Kingdom.

3.23 Business Continuity

There has been no suspension or interruption in the Company's business during the twelve-month period preceding the date of this Prospectus which would affect or have a significant impact on the Company's financial position, and no material change is contemplated in its nature or that of its business.

3.24 Certifications and Awards

The Company has received several awards, including the following:

1. The "Distributor of the Year" award by Globus Medical in 2021G.
2. The "Best Performance" award by Bard (which has been acquired by BD) in 2019G and 2021G.
3. The "Outstanding Sales Achievement" award by MTF in 2016G - 2017G.
4. The "Best Performance" award by ConMed in 2017G and 2021G.
5. The "Outstanding Performance" award by Braun in 2017G.

4

OWNERSHIP STRUCTURE AND ORGANIZATIONAL STRUCTURE

4.1 Ownership Structure Pre-Offering and Post-Offering

The Company's current share capital is thirty-five million Saudi Riyals (SAR 35,000,000), divided into three million five hundred thousand (3,500,000) ordinary shares, fully paid in value, with a nominal value of ten Saudi Riyals (SAR 10) per share. The following table shows the Company's ownership structure pre-Offering:

Table No. (4.1): Ownership Structure Pre-Offering

No.	Shareholder	Number of Shares	Nominal Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage	No. of Indirectly Owned Shares
1	Al-Omran Holding Company	1,750,000	10	50%	None	None
2	Care 2 Health Trading LLC	1,400,000	10	40%	None	None
3	Riyad Abdullah Rashid Abunayan	350,000	10	10%	None	None
Total		3,500,000	-	100%	None	None

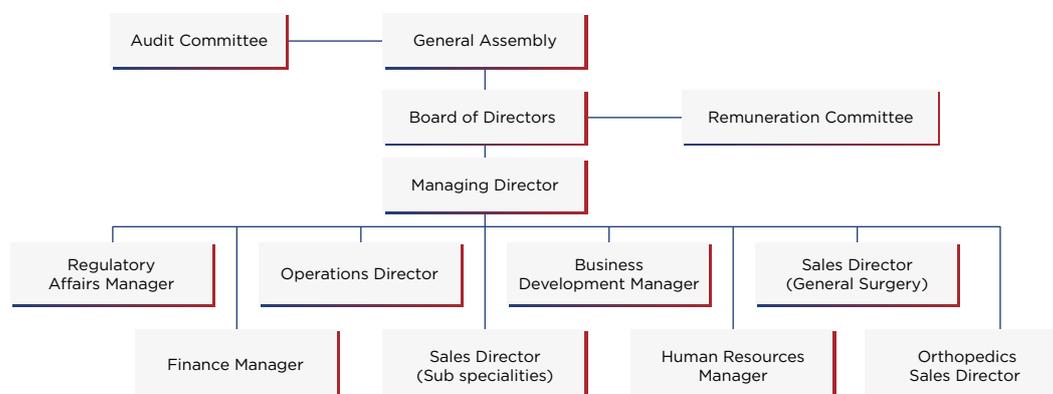
Source: the Company

Table No. (4.2): Ownership Structure Post-Offering

No.	Shareholder	Number of Shares	Nominal Value (SAR)	Direct Ownership Percentage	Indirect Ownership Percentage	No. of Indirectly Owned Shares
1	Al-Omran Holding Company	1,575,000	10	45%	None	None
2	Care 2 Health Trading LLC	700,000	10	20%	None	None
3	Riyad Abdullah Rashid Abunayan	175,000	10	5%	None	None
4	Public	1,050,000	10	30%	N/A	N/A
Total		3,500,000	-	100%	None	None

Source: the Company

4.2 Organizational Chart



Source: The Company

4.3 Members of the Board of Directors and Board Secretary

The Company is managed by a board of directors consisting of six (6) members elected by the Ordinary General Assembly for a period not exceeding three (3) years. As an exception to the foregoing, on 28/12/2021G, the Shareholders appointed the first Board of Directors for a period of five (5) years. Subsequently, the Extraordinary General Assembly appointed 4 members to the Board of Directors in its meeting held on 06/01/1444H (corresponding to 04/08/2022G), noting that Mr. Mohammed Jamal AlModhayan and Mr. Talal Abdullatif Al Abdulkareem were appointed on 28/12/2021G:

Table No. (4.3): Members of the Board of Directors

#	Name	Position	Nationality	Status	Appointment Date	Age	Direct Ownership Percentage		Indirect Ownership Percentage	
							Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Sameer Sulaiman Al-Omran	Chairman	Saudi	Independent	04/08/2022G	60	None	None	None	None
2	Dr. Amr Mahmoud Abu Elamayem*	Vice Chairman	Egyptian	Executive	04/08/2022G	42	None	None	1.53%	0.77%
3	Abdulillah Abdullah Zahid**	Board Member	Saudi	Independent	04/08/2022G	72	None	None	4.55%	2.23%
4	Mohammed Jamal Al Modhayan***	Board Member	Saudi	Executive	28/12/2021G	33	None	None	2.50%	2.25%
5	Mohammad Sulaiman Al Harbi	Board Member	Saudi	Independent	04/08/2022G	57	None	None	None	None
6	Talal Abdullatif Al Abdulkareem	Board Member	Saudi	Non-Executive	28/12/2021G	44	None	None	None	None

Source: the Company

* Dr. Amr Mahmoud Abu Elamayem holds an indirect ownership of 1.53% in the Issuer as a result of an indirect ownership of 3.8% in Care 2 Health Trading LLC, which in turn owns 40% of the Issuer's shares.

** Mr. Abdulillah Abdullah Zahid holds an indirect ownership of 4.45% in the Issuer as a result of an indirect ownership of 11.1% in Care 2 Health Trading LLC, which in turn owns 40% of the Issuer's shares.

*** Mr. Mohammed Jamal Al Modhayan holds an indirect ownership of 2.50% in the Issuer as a result of an indirect ownership of 5% in Al-Omran Holding Company (a Substantial Shareholder), which in turn owns 50% of the Issuer's shares.

Mr. Mohammed Jamal Al Modhayan holds an indirect ownership of 2.50% in the Company and is the Board Secretary appointed by circulation pursuant to Board resolution No. 1 dated 11/08/2022G.

It is worth noting that the standards adopted in assessing the independence of the Board members are based on the Corporate Governance Regulations issued by the CMA, which are set as follows:

1. if he/she holds five percent or more of the Company's shares, or of the shares of another company within its group; or is a relative of who owns such percentage;
2. if he/she is a representative of a legal person that holds five percent or more of the shares of the Company or any company within its group;
3. if he/she is a relative of any member of the Board of the Company, or any other company within the Company's group;
4. if he/she is a relative of any Senior Executive of the Company, or of any other company within the Company's group;
5. if he/she is a Board member of any company within the group of the Company for which he/she is nominated to be a Board member;
6. if he/she is an employee or used to be an employee during the preceding two years of the Company, of any party dealing with the Company or any company within its group, such as external auditors or main suppliers; or if he/she, during the preceding two years, held a controlling interest in any such parties;
7. if he/she has a direct or indirect interest in the businesses and contracts executed for the Company's account;
8. if he/she receives financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its committees exceeding an amount of (SAR 200,000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less;
9. if he/she engages in a business where he/she competes with the Company, or conducts businesses in any of the company's activities; or
10. if he/she served for more than nine (9) years, consecutive or inconsecutive, as a Board member of the Company.

4.4 The Board of Directors

4.4.1 Main Role of the Board of Directors

Without prejudice to the powers conferred to the General Assembly, the Board of Directors shall be vested with the widest powers and authority to manage the Company for the purpose of achieving its objectives, and may establish its policy, determine its investments, supervise its business and funds, conduct its affairs, and carry out all acts and actions inside and outside the Kingdom of Saudi Arabia.

The Board of Directors shall also, in the cases it deems appropriate and in serving the Company's interests, have the right to discharge the Company's debtors from their obligations, provided that the minutes of the Board of Directors and the rationale for its resolution include observing the following conditions:

- that the discharge from liability be after one year has elapsed, as a minimum, from the maturity date of the debt;
- that the discharge be for a specified maximum amount per year per debtor; and
- the discharge is a right of the Board of Directors and may not be delegated.
- Furthermore, the Board of Directors shall also have the following powers and authorities:
 - Approval of the Company's estimated (operational and capital) budget and the Company's annual budget and the approval of the Company's internal, financial, administrative and technical bylaws and the policies and regulations for its employees; and
 - Appointing its managers, appointing directors of departments and heads of departments, defining their powers, employees, regular and technical workers, determining their salaries and benefits, concluding contracts with them, and dismissing them.

Noting that all these powers and authorities are conferred inside and outside the Kingdom and that the Board of Directors may delegate one or more from its members or third parties to carry out certain tasks that fall under its powers. The Board of Directors may revoke such delegations in whole or in part.

The Board may also, within its competencies, delegate one or more of its members or third parties to carry out certain tasks.

4.4.2 Responsibilities of the Board Secretary

The Board of Directors shall appoint a Secretary from among its members or from others, and shall determine the Secretary's responsibilities and remuneration.

4.4.3 Biographies of the Members and Secretary of the Board

An overview of the experiences, qualifications, as well as current and previous positions of each Member of the Board of Directors as well as the Secretary of the Board.

4.4.3.1 Dr. Sameer Sulaiman Al Omran

Age:	60 years
Nationality:	Saudi
Current Position:	Chairman of the Board of Directors
Appointment Date:	04/08/2022G
Academic Qualifications:	<ul style="list-style-type: none"> - PhD in the Sunnah and its Sciences from Imam Mohammad Ibn Saud Islamic University, KSA, 1997G. - Master's Degree in the Sunnah and its Sciences from Imam Mohammad Ibn Saud Islamic University, KSA, 1993G. - Bachelor's Degree in the Sunnah and its Sciences from Imam Mohammad Ibn Saud Islamic University, KSA, 1989G. - Bachelor's Degree in Mining Engineering from King Fahd University of Petroleum and Minerals (KFUPM), KSA, 1984G. - High School Diploma from Al-Khobar High School, KSA, 1978G.
Current Work Experience:	Since 2017G, General Supervisor at Al Forsan International Schools, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the education sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2013G to 2017G, Consultant for the Office of Her Excellency, the Deputy Minister for Girls' Education. - From 1984G to 2012G, General Supervisor of Clubs for Recreation and Education Activities in Neighborhood Program in the framework of King Abdullah bin Abdulaziz Public Education Development Project in KSA. - From 2002G to 2011G, Director General of the Education for Girls Department in the Eastern Region – Kingdom of Saudi Arabia. - In 2001G, Director General of the Education for Girls Department in the Eastern Region – Kingdom of Saudi Arabia. - From 1996G to 2000G, Assistant Professor at the Department of Islamic Studies at King Fahd University of Petroleum and Minerals, KSA. - From 1995G to 1996G, Lecturer at the Department of Islamic and Arabic Studies at King Fahd University of Petroleum and Minerals, KSA. - In 1984G, Scientific Researcher at the Research Institute (RI) of King Fahd University of Petroleum and Minerals, KSA.
Other Current Memberships:	<ul style="list-style-type: none"> - Since 2017G, Chairman of the board of directors at Universe International Schools, a limited liability company established in the Kingdom of Saudi Arabia and operating in the education sector. - Since 2017G, Board member at Ajwad Holding Company, a limited liability company established in the Kingdom of Saudi Arabia and operating in investments. - From 2004G to 2012G, Member of the Council of Eastern Region in the Kingdom of Saudi Arabia. - From 2012G to 2017G, Member of the Scientific and Legal Committee at the Human Rights Commission.

4.4.3.2 Dr. Amr Mahmoud Abou ElAmayem

Age:	42 years
Nationality:	Egyptian
Current Position:	Managing Director and Vice Chairman
Appointment Date:	04/08/2022G
Academic Qualifications:	<ul style="list-style-type: none"> – Master’s in Business Administration from Hull University, United Kingdom, 2009G. – Bachelor’s in Pharmaceutical Sciences from Alexandria University, Egypt, 2002G.
Current Work Experience:	Since 2011G, Managing Director at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> – From 2007G to 2011G, Product Specialist at Johnson & Johnson, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. – From 2005G to 2007G, Product Specialist at Wyeth Pharmaceutical, a limited liability company established in the Kingdom of Saudi Arabia and operating in the pharmaceutical sector. – From 2003G to 2005G, Product Specialist at Merk Sharp & Dome, a limited liability company established in Egypt and operating in the pharmaceutical sector.

4.4.3.3 Abdulillah Abdullah Zahid

Age:	72 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	04/08/2022G
Academic Qualifications:	<ul style="list-style-type: none"> – Master’s degree in Management and Urban Planning, from University of California United States of America, 1978G. – Bachelor’s degree in Management and Urban Planning, from University of California United States of America, 1976G.
Current Work Experience:	Since 1990G, Director at Zahid Group, a limited liability company established in the Kingdom of Saudi Arabia and operating in the manufacturing and trading sector.
Previous Work Experience:	<ul style="list-style-type: none"> – From 1990G to 2004G, President at United International Transportation Company Ltd. Budget Rent a Car Saudi Arabia, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the logistics sector. – From 1980G to 1990G, Founder and Chairman of the Board of Directors at United International Transportation Company Ltd. Budget Rent a Car Saudi Arabia, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the logistics sector. – From 1975G to 1977G, Assistant City Planner at AECOM (formerly Daniel, Mann, Johnson & Mendenhall), a public joint stock company established in the United States of America and operating in the architecture and engineering sector.
Other Current Memberships:	<ul style="list-style-type: none"> – Since 2021G, Chairman at Shifa Al Muntazha Medical Group, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. – Since 2021G, Chairman at World Rep Chemical Company, a limited liability company established in the Kingdom of Saudi Arabia and operating in the chemicals industry.
Previous Memberships:	<ul style="list-style-type: none"> – From 1980G to 1985G, Government officer at National Transportation Committee, a government entity established in the Kingdom of Saudi Arabia and operating in the logistics sector. – From 1980G to 1985G, Government office at Organization of Car Rental Companies, a government entity established in the Kingdom of Saudi Arabia and operating in the logistics sector.

4.4.3.4 Mohammed Jamal Mohammed Al Modhayan

Age:	33 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	28/12/2021G
Academic Qualifications:	High School Diploma, from Ibn Al Mubarak High School in Saudi Arabia, 2006G-2007G.
Current Work Experience:	Since 2022G, Director of Regulatory Affairs at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2015G to 2022G, Human Resources & Regulatory Affairs Director at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2013G to 2014G, Logistics & Administration Manager at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2011G to 2012G, Administration Manager, at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2010G to 2011G, Freelance Consultant at Musaid AlMudayan, a limited liability company established in the Kingdom of Saudi Arabia and operating in the contracting sector. - From 2008G to 2009G, Education Consultant at Malaysia Gate, a limited liability company established in Malaysia and operating in the educational consultancy sector.

4.4.3.5 Mohammad Sulaiman Al Harbi

Age:	57 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	04/08/2022G
Academic Qualifications:	<ul style="list-style-type: none"> - Management Training Program in Finance, from Chase Manhattan Bank, USA, 1995G. - Bachelor of Science in Industrial Engineering, from New Mexico State University, USA, 1992G.
Current Work Experience:	Since 2013G, Business Advisor to Zamil Group Holding Company, a limited liability company established in the Kingdom of Saudi Arabia and operating in the advisory field.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2010G to 2012G, CEO at Takween Advanced Industries, a public joint stock company, established in the Kingdom of Saudi Arabia and operating in the field of manufacturing. - From 1998G to 2010G, President at Saudi German Co for Nonwoven Products, a limited liability company established in the Kingdom of Saudi Arabia and operating in the manufacturing sector. - From 1994G to 1998G, Project Manager at Saudi Industrial Development Fund, a government entity established in the Kingdom of Saudi Arabia and operating in the field of investments.
Other Current Memberships:	<ul style="list-style-type: none"> - Since 2021G, Chairman at Guardian Zoujaj International Glass Co, a limited liability company established in the Kingdom of Saudi Arabia and operating in the manufacturing sector. - Since 2019G, Board member and Chairman of the Nomination and Remuneration Committee at GAS Arabian, a public joint stock company established in the Kingdom of Saudi Arabia and operating in the advisory sector. - Since 2018G, Board member and Chairman of Audit Committee at National Glass Company – Zoujaj, a public joint stock company established in the Kingdom of Saudi Arabia and operating in the manufacturing sector. - Since 2016G, Board Member at Arabian Amines Company, a limited liability company established in the Kingdom of Saudi Arabia and operating in the manufacturing sector. - Since 2015G, Board member and Audit Committee member at Mushraka Capital, a limited liability company established in the Kingdom of Saudi Arabia and operating in investments. - Since 2013G, Board member and Chairman of the Audit Committee at Zamil Industrial, a public joint stock company established in the Kingdom of Saudi Arabia and operating in the manufacturing sector. - Since 2012G, Board Member at National Talents Company - Talents, a limited liability company established in the Kingdom of Saudi Arabia and operating in the consultancy sector.

4.4.3.6 Talal Abdullatif Suleiman Al Abdulkarim

Age:	45 years
Nationality:	Saudi
Current Position:	Board Member
Appointment Date:	28/12/2021G
Academic Qualifications:	<ul style="list-style-type: none"> - Bachelor's degree in Business Administration from King Faisal University, KSA, 2016G. - Sales Diploma from the Institute of Public Administration, KSA, 1998G.
Current Work Experience:	<ul style="list-style-type: none"> - Since 2021G, Manager at Care 4 for Investment, a single shareholder limited liability company established in the Kingdom of Saudi Arabia and operating in investments. - Since 2021G, Manager at Care 3for Investment, a single shareholder limited liability company established in the Kingdom of Saudi Arabia and operating in investments. - Since 2020G, Manager at Mashrou' Al-At'ima 2 for Food Trading, a limited liability company established in the Kingdom of Saudi Arabia and operating in investments. - Since 2019G, Manager at Mashrou' Al-At'ima for Food Trading, a single shareholder limited liability company established in the Kingdom of Saudi Arabia and operating in investments. - Since 2019G, Manager at Care 2 Health Trading LLC, a single shareholder limited liability company established in the Kingdom of Saudi Arabia and operating in investments. - Since 2016G, Manager at Ri'ayat Al Khair Real Estate Co, a limited liability company established in the Kingdom of Saudi Arabia and operating in the real estate sector. - Since 2012G, Advisor to the Managing Director and CEO at Al Khair Capital, a closed joint-stock company established in the Kingdom of Saudi Arabia and operating in investments.
Previous Work Experience:	From 2006G to 2012G, Vice President at Gulf Furnishing Co, a limited liability company established in the Kingdom of Saudi Arabia and operating in the field of furniture and office supplies.
Other Current Memberships:	Since 2022G, board member at Dananir, a limited liability company established in the Kingdom of Saudi Arabia and operating in the IT field.

4.4.4 Secretary of the Board of Directors

Mr. Mohammed Jamal Al Modhayan is the Board Secretary appointed by circulation pursuant to Board resolution No. 1 dated 11/08/2022G. The Board Secretary shall be in charge of recording the Board meeting minutes and the resolutions of the Board and have the same recorded in a special register. The Secretary shall be in charge of keeping and updating such register, and performing any tasks assigned thereto by the Board of Directors.

Please refer to Section 4.4.3.4 of this Prospectus for more details about Mohammed Jamal Al Modhayan's experiences as well as current and previous positions.

4.5 Senior Management

4.5.1 Senior Management Members

The Company's Senior Management team consists of highly experienced, highly qualified and professional cadres that include Saudi and non-Saudi members with a high level of knowledge and experience in the healthcare sector. The Company's Senior Management team currently consists of nine (9) members, as shown in the following table:

Table No. (4.4): Members of the Company's Senior Management Team

#	Name	Age	Nationality	Position	Appointment Date	Direct Ownership (Pre-Offering)		Indirect Ownership (Pre-Offering)		Direct Ownership (Post-Offering)		Indirect Ownership (Post-Offering)	
						No.	%	No.	%	No.	%	No.	%
1	Dr. Amr Mahmoud Abu Elamayem*	42	Egyptian	Managing Director	14/03/2011G	None	None	53,629	1.53%	None	None	26,815	0.77%
2	Mohammed Jamal Al Modhayan**	32	Saudi	Director of Regulatory Affairs	01/02/2022G	None	None	87,500	2.50%	None	None	78,750	2.25%
3	Tamer Mahmoud El Akkad	50	Egyptian	Finance Manager	06/03/2022G	None	None	None	None	None	None	None	None
4	Tarek Mustafa Gomaa	42	Egyptian	Sales Director (Sub-Specialties)	01/01/2020G	None	None	None	None	None	None	None	None
5	Bandar Abdulaziz Hamad AlSaeed	39	Saudi	Human Resources Manager	01/01/2022G	None	None	None	None	None	None	None	None
6	Amr Sherif Zohni	44	Egyptian	Orthopedics Director	01/01/2020G	None	None	None	None	None	None	None	None
7	Mohammed Ali Abdulrahman	40	Egyptian	Sales Director (General Surgery)	01/01/2020G	None	None	None	None	None	None	None	None
8	Moetaz Abdulmonem Ahmed	42	Egyptian	Operations Manager	01/01/2022G	None	None	None	None	None	None	None	None
9	Sherif Mahmoud Ahmed	43	Egyptian	Business Development Manager	03/07/2022G	None	None	None	None	None	None	None	None

* Dr. Amr Mahmoud Abu Elamayem holds an indirect ownership of 1.53% in the Issuer as a result of an indirect ownership of 3.8% in Care 2 Health Trading LLC, which in turn owns 40% of the Issuer's shares.

** Mr. Mohammed Jamal Al Modhayan holds an indirect ownership of 2.50% in the Issuer as a result of an indirect ownership of 5% in Al-Omran Holding Company (a Substantial Shareholder), which in turn owns 50% of the Issuer's shares.

Source the Company

The following is a summary of the biographies of the Senior Management:

4.5.1.1 Dr. Amr Mahmoud Abu Elamayem

Please refer to Section 4.4.3.2 of this Prospectus for more details about Dr. Amr Mahmoud Abu Elamayem's experiences as well as current and previous positions.

4.5.1.2 Mohammed Jamal Al Modhayan

Please refer to Section 4.4.3.4 of this Prospectus for more details about Mohammed Jamal Al Modhayan's experiences as well as current and previous positions.

4.5.1.3 Tamer Mahmoud El Akkad

Age:	50 years
Nationality:	Egyptian
Current Position:	Finance Manager
Appointment Date:	06/03/2022G
Academic Qualifications:	<ul style="list-style-type: none"> - Master's degree in Business Administration from Cardiff Metropolitan University, Wales, United Kingdom, 2021G. - Bachelor's degree in Accounting from Cairo University, Egypt, 1993G.
Current Work Experience:	Since 2022G, Finance Manager at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2015G to 2022G, Finance Manager at Majid Al Futtaim Properties, a limited liability company established in the Kingdom of Saudi Arabia and operating in the real estate sector. - From 2012G to 2015G, Finance Manager at Majid Al Futtaim Properties - Egypt, a limited liability company established in Egypt and operating in the real estate sector. - From 2008G to 2011G, Accounting Manager at United Construction Company, a limited liability company established in Egypt and operating in the construction sector. - From 2005G to 2008G, Accounting Manager at United Sugar Company, a limited liability company established in Egypt and operating in the field of fast-moving consumer goods. - From 1999G to 2005G, General Ledger and Reporting Supervisor at Pepsi Cola Egypt, a closed joint stock company established in Egypt and operating in the manufacturing sector. - From 1997G to 1999G, Accountant at Nestle Egypt, a closed joint stock company established in Egypt and operating in the field of fast-moving consumer goods. - From 1996G to 1997G, Accountant at Tasty Foods Egypt, a closed joint stock company established in Egypt and operating in the field of fast-moving consumer goods. - From 1994G to 1996G, Accountant at Miraco Carrier, a limited liability company established in Egypt and operating in the field of Air Conditioners Distribution.

4.5.1.4 Tarek Mustafa Gomaa

Age:	42 years
Nationality:	Egyptian
Current Position:	Sales Director (Sub-Specialties)
Appointment Date:	01/01/2020G
Academic Qualifications:	Bachelor's degree in pharmacy from Alexandria University, Egypt, 2003G.
Current Work Experience:	Since 2020G, Sales Director at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2014G to 2019G, Sales Director at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2011G to 2014G, Sales Manager at Gulf Medical Company, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2008G to 2011G, Product Specialist, at Gulf Medical Company, a limited company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2004G to 2008G, Medical Sales Representative, at Novartis, a limited company established in the Kingdom of Saudi Arabia and operating in the pharmaceuticals sector.

4.5.1.5 Bandar Abdulaziz Hamad ALSaeed

Age:	38 years
Nationality:	Saudi
Current Position:	Human Resources Manager
Appointment Date:	01/01/2022G
Academic Qualifications:	Bachelor's degree in Business Administration from King Abdulaziz University, Saudi Arabia, 2007G.
Current Work Experience:	Since 2022G, Director of Human Resources at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2017G to 2022G, Director of Collection at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2014G to 2017G, Collection and Government Relationship Representative, at ProMedEx, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2012G to 2014G, Administrative Affairs Supervisor at SABB Bank (Alawwal Bank), a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the banking sector. - From 2010G to 2012G, Retail Manager at Samba Financial Group, a public joint stock company established in the Kingdom of Saudi Arabia and operating in the banking sector. - From 2007G to 2010G, Accounts Officer and Legal Agent at Abdul Latif Jameel Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in investments.

4.5.1.6 Mohammed Ali Abdulrahman

Age:	40 years
Nationality:	Egyptian
Current Position:	Sales Director (General Surgery)
Appointment Date:	01/01/2020G
Academic Qualifications:	Bachelor's degree in Pharmaceutical Sciences from the Faculty of Pharmacy at Cairo University, Egypt, 2003G.
Current Work Experience:	Since 2020G, Sales Director at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2018G to 2020G, Sales and Marketing Manager at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2016G to 2018G, District Manager at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2012G to 2016G, District Manager at Novartis, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2005G to 2012G, Senior Product Specialist at Novartis, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2003G to 2005G, Senior Product Specialist at GlaxoSmithKline, a closed joint stock company established in Egypt and operating in the healthcare sector.

4.5.1.7 Amr Sherif Anwar Zohni

Age:	44 years
Nationality:	Egyptian
Current Position:	Orthopedics Director
Appointment Date:	01/01/2020G
Academic Qualifications:	Bachelor's Degree in Veterinary Medicine from Cairo University, Egypt, 2000G.
Current Work Experience:	Since 2020G, Orthopedic Director at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2014G to 2020G, Sales Manager at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2012G to 2014G, Sales manager at ConMed, a limited liability company established in Egypt and operating in the pharmaceuticals sector. - From 2006G to 2012G, Product Specialist at Johnson & Johnson, a public limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2003G to 2006G, Medical Sales Representative at Nycomed, a private limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2000G to 2003G, Medical Sales Representative and Team Leader at Ranbaxy Co., a public joint stock company established in Egypt and operating in the pharmaceuticals sector.

4.5.1.8 Moetaz Abdulmonem Ahmed

Age:	42 years
Nationality:	Egyptian
Current Position:	Operations Manager
Appointment Date:	01/01/2022G
Academic Qualifications:	Bachelor's degree in Pharmaceutical Sciences from Cairo University, Egypt, 2003G.
Current Work Experience:	Since 2022G, Operations Manager at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2020G to 2022G, Sales Operations Director at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2016G to 2020G, National Sales Manager at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2014G to 2016G, District Manager at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2013G to 2014G, Key Account Manager at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2011G to 2013G, Product Specialist at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2007G to 2011G, Medical Sales Representative at Sanofi Aventis Saudi Arabia, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2006G to 2007G, Medical Sales Representative at Sanofi Aventis Egypt, a closed joint stock company established in Egypt and operating in the healthcare sector. - From 2005G to 2006G, Product UCP Scientific Office, a limited liability company established in Egypt and operating in the field of medical device distribution. - From 2003G to 2005G, Trainee at El-Safa Hospital Pharmacy, a single shareholder limited liability company established in Egypt and operating in the pharmaceuticals sector. - From 2003G to 2005G, Trainee at El-Gamma El-Arabia Pharmacy, a single shareholder limited liability company established in Egypt and operating in the pharmaceuticals sector.

4.5.1.9 Sherif Mahmoud Farid Ahmed

Age:	43 years
Nationality:	Egyptian
Current Position:	Business Development Director
Appointment Date:	03/07/2022G
Academic Qualifications:	<ul style="list-style-type: none"> - Master's Degree in Business Administration from IE Business School, Madrid, Spain, 2013G. - Bachelor's Degree in Electrical Engineering from Alexandria University, Egypt, 2002G.
Current Work Experience:	Since 2022G, Business Development Director at Professional Medical Expertise Company, a closed joint stock company established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2020G to 2022G, Sales Director at Draeger Arabia, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - During 2020G, Sales Director at Fresenius Medical Care, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2017G to 2020G, General Manager of Ultrasound & Life Care Solutions at General Electric Healthcare, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2014G to 2017G, General Manager of Ultrasound at General Electric Healthcare, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2010G to 2014G, Division Manager - Anesthesia & Critical Care at Gulf Medical, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2007G to 2009G, Product Unit Manager - Critical Care Unit at Gulf Medical, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - From 2004G to 2006G, Sales & Service Engineer at Gulf Medical, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - During 2004G, Sales Engineer at Alexandria Company, a limited liability company established in Egypt and operating in the field of oil extraction.

4.6 Board Committees

The Company complies with all the mandatory corporate governance requirements stipulated in the Companies Law. The Company's policy is to adopt advanced standards in corporate governance, including a separation of responsibilities and tasks between the Board of Directors and Senior Management, along with policies that ensure the smooth management of the Board of Directors' business in order to achieve Shareholders' best interests.

4.6.1 Audit Committee

At its meeting held on 06/01/1444H (corresponding to 04/08/2022G), the Extraordinary General Assembly approved the formation of the Audit Committee and defined its tasks, work regulations, members' remuneration and membership term.

4.6.1.1 Committee's Duties and Responsibilities

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity of reports, financial statements and internal controls systems. In particular, the Committee's tasks include the following:

4.6.1.1.1 Regarding Financial Statements

1. Monitor the integrity of the financial statements of the Company, including its annual, biannual and interim reports, and any other formal announcement relating to its financial performance. The Committee shall also review summary financial statements, financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;
2. In particular, the Committee shall review and challenge where necessary:
 - a. the consistency of, and any changes to, the accounting policies on a yearly basis and across the Company;
 - b. the methods used to account for material or unusual transactions where different approaches are possible;
 - c. whether the Company adhered to appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;

- d. the clarity of disclosure in the Company's financial reports and the context in which statements are made;
- e. any significant adjustments resulting from the audit;
- f. compliance with other legal and regulatory requirements; and
- g. effectiveness of the Company's assessment of risk.

4.6.1.1.2 Regarding the Auditor

1. Consider and make recommendations to the Board, in relation to the appointment, re-appointment and removal of the Company's external auditors. If an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.
2. Oversee the relationship with the external auditor including (but not limited to):
 - a. recommendations on and approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - b. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - c. assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services; and
 - d. considering the risk of the withdrawal of the Company's current auditors from the market.
3. Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.
4. Review reports and notes provided by the auditor (if any).

4.6.1.1.3 Regarding Compliance:

1. Review the effectiveness of the monitoring system and the Company's compliance with laws and regulations and the results of management's investigation and follow-up (including any disciplinary action) of any instances of noncompliance.
2. Review the findings of any examinations by regulatory agencies, and any auditor observations.
3. Review the contracts and proposed Related Party transactions, and provide its recommendations to the Board in connection therewith.

4.6.1.2 Audit Committee Members

Table No. (4.5): Audit Committee's Members

Name	Status
Dr. Ravish Mohammed Tatli	Chairman - Independent
Dr. Abdullah Suleiman Al-Omran	Member - Non-Executive
Abishek Ashok Sharma	Member - Non-Executive

Source: the Company

4.6.1.2.1 Biographies of the Audit Committee's Members

4.6.1.2.1.1 Dr. Ravish Mohammed Tatli

Age:	52 years
Nationality:	Indian
Current Position:	Audit Committee Chairman
Appointment Date:	04/08/2022G
Academic Qualifications:	<ul style="list-style-type: none"> - Doctorate in Finance (DoF) from SMC University, Switzerland, 2015G. - Bachelor's Degree in Statistics from University of Mumbai, India, 1990G.
Professional Qualifications	<ul style="list-style-type: none"> - Certified Investor Relation from Investor Relation Society, UK, 2019G. - Certified Public Accountant and member of the CPA Australia professional accounting body, 2016G. - Certified Fraud Examiner from the US Association of Certified Fraud Examiners, 2004G. - Certified Internal Auditor from the US Institute of Internal Auditors, 2003G. - Associate of the Institute of Chartered Accountants of England and Wales, 1996G. - Chartered Accountant from Institute of Chartered Accountants of India, 1992G-1996G.
Current Work Experience:	Since 2003G, Group Chief Financial Officer (CFO) at Unitrans, a public listed joint stock company established in the Kingdom of Saudi Arabia and operating in the logistics/transportation sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 1997G to 2003G, Auditor at Ernst & Young & Co. (Chartered Accountants), a partnership established in the Kingdom of Saudi Arabia and engaging in auditing and consulting services. - From 1995G to 1997G, Senior Auditor at BP Jain & Co, a limited liability company established in India and engaging in auditing and consulting services.
Other Current Board Memberships:	Since 2014G, member of the board of directors at Unitrans Infotech Pvt Ltd, a limited liability company established in India and operating in the field of Information Technology.
Previous Memberships:	From 2012G to 2018G, member of the board of directors at Tranzlease Holdings India Pvt Ltd, a limited liability company established in India and operating in the transportation sector.

4.6.1.2.1.2 Dr. Abdullah Suleiman Al-Omran

Age:	46 years
Nationality:	Saudi
Current Position:	Audit Committee Member
Appointment Date:	04/08/2022G
Academic Qualifications:	<ul style="list-style-type: none"> - Fellowship of Royal College of Surgeons of Canada from University of Toronto, Canada, 2008G. - Saudi Specialty Certificate in Orthopedics from Saudi Commission for Health Specialties, KSA, 2005G. - Bachelors degree in Medicine and Surgery (MBBS) from King Faisal University, Saudi Arabia, 2000G.
Current Work Experience:	<ul style="list-style-type: none"> - Since 2012G, Chairman of Orthopedic Surgery Department at King Fahd Hospital of the University, a government entity established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - Since 2011G, Founder and Chairman of Elite Specialist Clinics, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - Since 2010G, Professor for Orthopedic Surgery at Dammam University, a government entity established in the Kingdom of Saudi Arabia and operating in the education sector. - Since 2009G, Consultant at King Fahd University Hospital, a government entity established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2006G to 2010G, Assistant Professor for Orthopedic Surgery at Dammam University, a government entity established in the Kingdom of Saudi Arabia and operating in the education sector. - From 2005G to 2009G, Specialist at King Fahd Hospital of the University, a government entity established in the Kingdom of Saudi Arabia and operating in the education sector. - From 2001G to 2006G, Demonstrator for Orthopedic Surgery at King Fahd Hospital of the University, a government entity established in the Kingdom of Saudi Arabia and operating in the healthcare sector.
Previous Memberships:	From 2010 to 2017, member of the board of directors at South Bank Tower Company, a limited liability company established in the United Kingdom and operating in the real estate sector.

4.6.1.2.1.3 Abhishek Ashok Sharma

Age:	40 years
Nationality:	Indian
Current Position:	Audit Committee Member
Appointment Date:	04/08/2022G
Academic Qualifications:	Bachelor's Degree in Computer Science from University of Pennsylvania, USA, 2003G.
Current Work Experience:	<ul style="list-style-type: none"> - Since 2021G, Observer of the board of directors at AlTibbi, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - Since 2016G, Founder and Chief Executive Officer at Foundation Holdings, a limited liability company established in the Cayman Islands and operating in investments.
Previous Work Experience:	<ul style="list-style-type: none"> - From 2014G to 2016G, Founding Management Member and Head of Education at Amanat Holdings, a public joint stock company established in the United Arab Emirates and operating in investments. - From 2008G to 2014G, Principal at Ithmar Capital, a limited liability company established in the United Arab Emirates and operating in investments. - From 2005G to 2008G, Senior Associate at Sun Capital Partners, a limited liability company established in the United States of America and operating in investments. - From 2004G to 2005G, Investment Banking Analyst at Lehman Brothers, a partnership established in the United States of America and operating in the finance sector. - From 2003G to 2004G, Investment Banking Analyst at Bank of America Merrill Lynch, a partnership established in the United States of America and operating in the finance sector.
Other Current Memberships:	<ul style="list-style-type: none"> - Since 2021G, member of the board of directors at Shifa Al Muntazah Polyclinic Group, a limited liability company established in the Kingdom of Saudi Arabia and operating in the healthcare sector. - Since 2019G, member of the board of directors at Ryan Education, a limited liability company established in India and operating in the education sector. - Since 2016G, member of the board of directors at Foundation Holdings, a limited liability company established in the Cayman Islands and operating in investments.
Previous Memberships:	<ul style="list-style-type: none"> - From 2009G to 2020G, member of the board of directors at Spring India Limited, a limited liability company established in India and operating in the retail sector. - From 2014G to 2015G, member of the board of directors at Mushrif Trading & Contracting Co. KSCP, a public joint stock company established in Kuwait and operating in the field of civil construction. - From 2012G to 2015G, member of the board of directors at Saudi Networkers Services, a limited liability company established in the Kingdom of Saudi Arabia and engaging in consultancy services.

4.6.2 Remuneration Committee

On 25/09/1443H (corresponding to 26/04/2022G), the Board of Directors formed the Remuneration Committee and approved the Remuneration Committee Charter which includes the Remuneration Committee's work controls and procedures, tasks, the rules for selecting its members, their remuneration, and their membership term. Thereafter, on 13/01/1444H (corresponding to 11/08/2022G), the Board of Directors approved the amendments to the Remuneration Committee Charter.

4.6.2.1 Committee's Duties and Responsibilities

1. The role of the Remuneration Committee is to assist the Board in exercising its authority in relation to the matters set out in the Remuneration Committee Charter.
2. The Board has defined the Remuneration Committee's purpose as assisting the Board in its oversight function which includes - but is not limited to - the oversight of:
 - a. The remuneration policy and its specific application to the Managing Director, Senior Management and its general application to all the Company's employees.
 - b. The adoption of annual and longer-term incentive plans.
 - c. The determination of the managing director's levels of remuneration.
 - d. The annual evaluation of the performance of the managing director, by giving guidance to the Board.
 - e. The Company's compliance with applicable legal and regulatory requirements associated with remuneration matters.
 - f. The preparation of the annual Remuneration Report.

4.6.2.2 Remuneration Committee Members

Table No. (4.4): Remuneration Committee Members

Name	Status
Dr. Abdullah Suleiman Al-Omran	Chairman - Non-Executive
Abhishek Ashok Sharma	Member - Non-Executive
Dr. Sameer Suleiman Al-Omran	Member - Independent

Source: the Company

4.6.2.3 Biographies of the Remuneration Committee Members:

4.6.2.3.1 Dr. Abdullah Suleiman Al-Omran

Please refer to Section 4.6.1.2.1.2 of this Prospectus for more details about Dr. Abdullah Suleiman Al-Omran's experiences as well as current and previous positions.

4.6.2.3.2 Abhishek Ashok Sharma

Please refer to Section 4.6.1.2.1.3 of this Prospectus for more details about Mr. Abhishek Ashok Sharma's experiences as well as current and previous positions.

4.6.2.3.3 Dr. Sameer Suleiman Al-Omran

Please refer to Section 4.4.3.1 of this Prospectus for more details about Dr. Sameer Suleiman Al-Omran's experiences as well as current and previous positions.

5

DIVIDEND DISTRIBUTION POLICY

Under Article 110 of the Companies Law, a shareholder is vested with all rights attached to its shares, which include in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend declaring and paying any dividends prior to the Shareholders' approval at the meeting of the General Assembly. The Company is under no obligation to declare dividends and any decision to do so will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, the Company's Zakat position, market and general economic conditions, and legal and regulatory considerations. For example, Shares give their holders the right to receive dividends announced by the Company from the date of this Prospectus and for the following financial years. However, there are no guarantees that such dividends will be actually distributed, nor is there any guarantee regarding the amounts of dividends paid in any year.

Dividend distribution is also subject to the restrictions set out in the Bylaws. Dividends shall be distributed in Saudi Riyals.

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

1. Ten percent (10%) of the net profits shall be set aside to form the Company's statutory reserve and the Ordinary General Assembly may discontinue said deductions when the statutory reserve amounts to thirty percent (30%) of the Company's paid-up share capital.
2. The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside a percentage of the net profits to form a contractual reserve allocated for a specific purpose or purposes.
3. The Ordinary General Assembly may resolve to set aside other reserves, to the extent that achieves the interests of the Company or guarantees as steady a distribution of profits to Shareholders as possible. Said Assembly may also deduct from the net profits amounts for the establishment of social institutions for the Company's employees or to help existing institutions.
4. From the remainder, a percentage not exceeding five percent (5%) of the Company's paid-up share capital shall be distributed to the Shareholders.
5. Subject to the provisions of Article 20 of the Bylaws and Article 76 of the Companies Law, a no more than ten percent (10%) of the remainder shall be set aside to remunerate the Board of Directors, provided that such remuneration be proportionate to the number of sessions attended by each director.

The following table details the Company's dividend distributions during the financial years ended on 31/12/2020G and 31/12/2021 and the financial period ended on 30/09/2022G.

Table No. (5.1): Dividends distribution for the financial years ended on 31/12/2020G and 31/12/2021 and the financial period ended on 30/09/2022G

Item	FY2020G*	FY2021G**	Financial period ended on 30/09/2022G***
Dividends declared during the year/period (SAR)	18,000,000	4,000,000	14,000,000
Dividend paid during the year/period (SAR)	17,100,000	2,900,000	16,000,000
Net Income	9,456,343	19,864,291	7,145,367
Declared Profit to Net Income Ratio (%)	183.9%	14.1%	223.9%

* The Company agreed to distribute dividends in the amount of SAR 18,000,000 from the remaining profits as at 31/12/2019G, pursuant to the shareholders' resolution issued on 07/05/2020G.

** The Company agreed to distribute dividends in the amount of SAR 4,000,000 from the remaining profits as at 31/12/2020G, pursuant to the shareholders' resolution issued on 24/06/2021G.

*** The Company agreed on the distribution of interim dividends in the amount of SAR 14,000,000 from the remaining profits as at 31/12/2021G, as per:

- (1) The shareholders' approval dated 10/01/2022G on the distribution of dividends amounting to SAR 10,000,000 during the first quarter of 2022G, which has been ratified by the General Assembly during its meeting held on 24/08/1444H (corresponding to 16/03/2023G).
- (2) The shareholders' approval dated 24/06/2022G on the distribution of dividends amounting to SAR 2,500,000 during the second quarter of 2022G, which has been ratified by the General Assembly during its meeting held on 24/08/1444H (corresponding to 16/03/2023G).
- (3) The shareholders' approval dated 03/09/2022G on the distribution of dividends amounting to SAR 1,500,000 during the third quarter of 2022G, which has been ratified by the General Assembly during its meeting held on 24/08/1444H (corresponding to 16/03/2023G).

During its meeting held on 18/11/1444H (corresponding to 07/06/2023G), the General Assembly approved the distribution of interim dividends in the amount of ten million Saudi Riyals (SAR 10,000,000) from the Company's net profits of the first half of the financial year ended on 31/12/2023G, to be distributed in November 2023G in proportion to each Shareholder's stake in the Company's capital then.

Accordingly, the Offer Shares will entitle their holders to receive the Company's dividends in the amount of ten million Saudi Riyals (SAR 10,000,000) from the Company's net profits of the first half of the financial year ended 31/12/2023G, as declared during the General Assembly meeting held on 18/11/1444H (corresponding to 07/06/2023GG) as well as any subsequent dividends declared by the Company.

Furthermore, on 17/11/1444H (corresponding to 06/06/2023G), the Board of Directors undertook to recommend to the General Assembly the distribution of dividends up to 65% of the Company's net profit for the financial years ended on 31/12/2023G and 31/12/2024G, after reviewing the audited financial statements of the Company for the aforementioned financial years - in line with the Company's Bylaws, the Companies Law and its implementing regulations. The General Assembly will be invited to vote on these recommendations post-listing.

For the avoidance of doubt, the Offer Shares do not entitle their holders to any dividends announced prior to the General Assembly meeting held on 18/11/1444H (corresponding to 07/06/2023), including the dividends mentioned in Table 5.1: ("**Dividends distribution for the financial years ended on 31/12/2020G and 31/12/2021 and the financial period ended on 30/09/2022G**") of this Prospectus.

6

USE OF OFFERING PROCEEDS

The total Offering Proceeds are amount to seventy-one million and four hundred thousand Saudi Riyals (SAR 71,400,000), of which approximately SAR 10,630,000 will be paid as Offering Expenses, that includes the fees of the Financial Advisor, the Lead Manager, the Auditor, the cost of opening the escrow account, marketing and printing costs, and other expenses and costs related to the Offering.

The Net Proceeds from the Offering, estimated at about sixty million and seventy seven hundred thousand Saudi Riyals (SAR 60,770,000) will be distributed to the Selling Shareholders, and the Company will not receive any part of the Net Proceeds from the Offering.

7**DIRECTORS DECLARATIONS**

The Directors declare the following:

1. There has been no interruption in the Issuer's business that could have or have had a noticeable impact on the financial position during the last twelve (12) months.
2. No commissions, discounts, brokerages or other non-cash compensations were granted by the Issuer within the year immediately preceding the application for registration regarding the issuance or offering of any shares.
3. There has been no material adverse change in the financial or trading position of the Issuer or its Subsidiary in the year immediately preceding the date of submission the application for registration of the Shares and Offering.
4. Except as described in Section 3.6 ("**The Company's Ownership Structure**") and Section 3.9 ("**Overview of the Company's Subsidiary**") of this Prospectus, none of the Directors nor any of their relatives has any stake or interest whatsoever in the Issuer or of its Subsidiary.
5. The Company is not party to any lawsuit or legal proceedings.
6. The Company has no intention to make any fundamental change to the nature of the Company's activity, and if it has, a detailed description of such change and its impact on the Company's activity and profitability will be provided.
7. None of the Directors participate in any business competing with that of the Company.
8. Except as described in Section 3.19 ("**Related Party Transactions**") of this Prospectus, the Company does not have any valid transactions or contracts, as of the date of this Prospectus, in which a member of the Board of Directors, the Managing Director or other relevant parties have an interest.
9. Except as specified in Section 3.9 ("**Overview of the Company's Subsidiary**") of this Prospectus, the Company does not have any other Subsidiaries.
10. There are no other facts, not included in this Prospectus, which may affect the application for registration and Offering of Shares.
11. The Company has obtained all the necessary approvals to offer and list its Shares on the Parallel Market.
12. Except as stated in Section 2 ("**RISKS FACTORS**") of this Prospectus, the Directors are not aware of any other material risks that may affect the decision of potential investors in the Company's Shares.
13. The Directors are not subject to any legal proceedings that may, individually or collectively, have a material effect on the business or financial position of the Company.
14. No powers exist giving any of the Directors or the Managing Director the right to vote on remunerations granted thereto.
15. No powers exist giving any of the Directors or senior executives the right to borrow money from the Issuer.
16. None of the Company's Directors, Senior Executives or Secretary was declared bankrupt, and none of them was ever subject to bankruptcy proceedings.
17. As at the date of this Prospectus, the Company is in compliance with all the provisions of the Companies Law.

8

OFFERING EXPENSES

The Selling Shareholders will bear all costs associated with the Offering, which are expected to amount to about SAR 10,630,000. Such costs will be fully deducted from the Offering Proceeds totaling seventy-one million and four hundred thousand Saudi Riyals (SAR 71,400,000).

Offering expenses include the fees of the Financial Advisor, the Lead Manager, marketing and printing costs, and other expenses related to the Offering. It is worth noting that the Company will not bear any of the expenses related to the Offering but will be fully deducted from the total Offering Proceeds. The Selling Shareholders will pay all the Offering Expenses incurred by the Company on their behalf once the Offering process is completed.

9

INFORMATION RELATING TO THE SHARES AND OFFERING TERMS AND CONDITIONS

The Company submitted an application to the CMA to register and offer the Shares on the Parallel Market in accordance with OSCOs requirements issued by the Capital Market Authority. This Prospectus has been approved, all supporting documents requested by the CMA have been submitted, and all necessary official approvals have been obtained for the process of registering and offering the Shares on the Parallel Market. The Company also submitted a request to the Saudi Exchange to list the Offer Shares on the Parallel Market, and the application for listing was approved.

All Qualified investors wishing to participate in this Offering must read the terms and conditions of the Offering very carefully before completing the Subscription Application Form, as signing and submitting the Subscription Application Form constitutes an acknowledgment of acceptance and approval of the mentioned terms and conditions of the Offering.

9.1 Subscription to the Offer Shares

One million and fifty thousand (1,050,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, representing 30% of the Company's share capital, will be offered for subscription on the Parallel Market at a price of sixty-eight Saudi riyals (SAR 68) per share and a total value of seventy-one million and four hundred thousand Saudi riyals (SAR 71,400,000). Subscription to the Offer Shares is limited to the Qualified Investors in accordance with OSCOs requirements, as follows:

1. Capital Market Institutions acting for their own account.
2. Clients of a Capital Market Institution authorized to conduct managing activities provided that this Capital Market Institution has been appointed as an investment manager on terms which enable it to make decisions concerning the acceptance of an offer and investment on the Parallel Market, on the client's behalf, without obtaining prior approval from the client.
3. The Government of the Kingdom, any government body, any supranational authority recognized by the CMA or the Exchange, and any other stock exchange recognized by the CMA or the Securities Depository Center.
4. Government-owned companies, either directly or through a portfolio managed by a Capital Market Institution authorized to carry out managing activities.
5. Companies and funds established in a member state of the Cooperation Council for the Arab States of the Gulf.
6. Investment Funds.
7. Non-resident foreigners permitted to invest on the Parallel Market and who meet the requirements stipulated in the Guidance Note for the Investment of Non-Resident Foreigners on the Parallel Market.
8. Qualified foreign financial institutions.
9. Any other legal persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center.
10. Natural persons allowed to open an investment account in the Kingdom and an account at the Securities Depository Center, and fulfilling any of the following criteria:
 - a. Has conducted transactions in the securities markets of not less than SAR 40 million in total, and not less than ten transactions in each quarter during the last twelve months.
 - b. Holds net assets of not less than SAR 5 million.
 - c. Works or has worked for at least three years in the financial sector.
 - d. Holds the General Securities Qualification Certificate which is recognized by the CMA.
 - e. Holds a professional certificate that is related to securities business and accredited by an internationally recognized entity.
11. Any other persons as specified by the CMA.

9.2 Subscription Method and Conditions for the Offering

Subscription in the Offer Shares will be made available to Qualified Investors through the Lead Manager's electronic subscription system during the Offering Period through the Financial Advisor's website. The subscriber must fulfill the subscription requirements in accordance with the subscription instructions set out in the Subscription Application Form and in this Prospectus. The subscriber must agree to all terms and conditions and complete all relevant sections of the Subscription Application Form. The Financial Advisor in consultation with the Company reserves the right to reject any Subscription Application Form, in part or in whole, if any of the subscription terms and conditions are not met or the necessary instructions are not followed. No amendments may be made to the Subscription Application Form nor could it be withdrawn following submission, as the Subscription Application Form once submitted represents a legally binding agreement between the Company and the subscriber.

Each Qualified Investor must specify the number of shares that he/she subscribed to in the Subscription Application Form, in order for the total subscription amount to be the product of multiplying the number of Offer Shares to be subscribed for by the Offer Price of sixty-eight Saudi Riyals (SAR 68) per share.

The minimum number of shares that can be subscribed for is ten (10) shares, whereas the maximum number of Shares that can be subscribed for is one hundred and seventy-four thousand and nine hundred and ninety-nine (174,999) shares for each subscriber.

Prior to the Offering, the Selling Shareholders collectively own 100% of the Company's share capital and 70% of the Company's share capital after the Offering. Investors can obtain an electronic copy of this Prospectus and the Subscription Application Form from the Financial Advisor and the Lead Manager through the contact information set forth below:

Financial Advisor and Lead Manager

Saudi Fransi Capital

King Fahad Road 8092

P.O. Box 23454

Riyadh 3735 - 12313

Kingdom of Saudi Arabia

Phone: +966 (11) 282 6666

Fax: +966 (11) 282 6823

Website: www.sfc.sa

E-mail: Promedex.IPO@fransicapital.com.sa



9.3 Offering Period and Conditions

The Offering Period lasts for (8) Days starting from Sunday 21/12/1444H (corresponding to 09/07/2023G), until the end of Sunday 28/12/1444H (corresponding to 16/07/2023G). Upon completion of the Application Form, the Lead Manager or the receiving entity of the Application Form shall notify the subscriber via text message. If the Application Form is incomplete or the information submitted therein is not valid, the Application Form shall be declared null and void. Each investor, by completing the Application Form, acknowledges that they have received and read this Prospectus, and therefore wish to subscribe to the Offer Shares as set out in the Application Form.

The Application Form shall be submitted during the Offering Period accompanying the following documents:

1. the original and copy of the national civil identification card or residency identification card (for the Individual Investor);
2. the original and copy of a power of attorney (when subscribing on behalf of others);
3. a copy of the company's commercial registration and the letter of representation signed by the company (if the investor is a company);
4. a copy of the commercial registration and the company's commissioned representative's national identification card and copies of licenses issued by the CMA (if the subscriber is an investment fund or a company licensed by the CMA. In addition, a copy of the agreement between the subscriber and the licensed company in the event there is an investment portfolio or commissioned investment agreements); and
5. any other requested document.

The total value of the Offer Shares shall be paid in full to the subscription account directly, and the Financial Advisor in consultation with the Company reserves the right to reject any investment, in part or in whole, if any of the subscription conditions are not met. Subscribers will accept the number of shares allocated thereto unless these shares exceed the number of shares requested thereby.

9.4 Surplus Allocation and Refund

The Lead Manager will open the subscription account under the name (Initial Public Offering of Professional Medical Expertise Company), and each subscriber must thereafter transfer the amounts subscribed to, as set out in the Subscription Application Form. Following the end of the Offering Period, the investors will be notified of the allotment no later than on Wednesday 01/01/1445H (corresponding to 19/07/2023G). The Offer Shares will be allocated according to the Financial Advisor's in consultation with the Company, and the surplus will be refunded within two (2) working days from the Allocation Date without any commissions or deductions. Please refer to Section 9 ("INFORMATION RELATING TO THE SHARES AND OFFERING TERMS AND CONDITIONS") of this Prospectus.

Miscellaneous Provisions

- The Subscription Application and all related terms, conditions and declarations are binding and for the benefit of the subscription parties, their successors, assigns, will executors, estate managers and heirs. The Subscription Application or any rights, interests or obligations arising from it may not be assigned or delegated by the parties to the subscription without the prior written consent of the other party.
- These instructions and clauses and any receipt of Subscription Application forms or contracts resulting therefrom shall be subject to the Kingdom's laws and shall be interpreted and implemented in accordance with them.
- This Prospectus will be published in Arabic following the CMA's approval.

9.5 Circumstances and Times where Offering may be Suspended

9.5.1 Suspension of Trading or Cancellation of Listing

1. The CMA may suspend trading in the Company's Shares or cancel the listing at any time as it deems appropriate, in any of the following circumstances:
 - a. The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
 - b. The Issuer fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its implementing regulations or market rules.
 - c. The Issuer does not pay any fees due to the CMA or the Exchange, or penalties due to the CMA on time.
 - d. If it considers that the Issuer or its business, the level of its operations or its assets are no longer suitable to warrant the continued listing of securities on the Exchange.
 - e. When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Issuer has given sufficient information regarding the target entity and the CMA is satisfied that sufficient public information is available on the proposed transaction or the reverse takeover, the CMA may decide not to suspend trading at this stage.
 - f. When information about a proposed reverse takeover is leaked and the Issuer cannot accurately assess its financial position and inform the Exchange accordingly.
 - g. If the liquidity requirements specified in Paragraph (B) of Article 41 of the Listing Rules have not been met.
 - h. Upon filing a request before the court and under the Bankruptcy Law for commencing financial reorganization procedures of an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.
 - i. Upon filing a request for commencing the Issuer's liquidation procedures or administrative liquidation procedures before the court under the Bankruptcy Law.
 - j. Upon issuance of a final court ruling to end the Issuer's financial reorganization procedures and initiation of liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.
 - k. Upon issuance of a final court ruling to commence Issuer's liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.
2. Lifting of trading suspension, as per Paragraph (1) above is subject to the following:
 - a. Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
 - b. Lifting the suspension is unlikely to affect the normal activity of the Exchange.
 - c. The Issuer complies with any other conditions that the CMA may require.
 - d. Upon the issuance of a final court ruling requiring the opening of a procedure involving the Issuer's financial reorganization under the Bankruptcy Law, unless such Issuer was suspended from conducting its activities by the relevant competent authority, in the event that the suspension was in accordance with subparagraph (13) of Paragraph (A) of Article 36 of the Listing Rules.

- e. Upon the issuance of the final court ruling rejecting the opening of the liquidation procedure or the administrative liquidation procedure under the Bankruptcy Law, unless such Issuer's activities were suspended by the relevant competent authority, in the event of a suspension in accordance with subparagraph 14 of paragraph (A) of Article 36 of the Listing Rules.
3. The Exchange shall suspend the trading of the securities of the Issuer in any of the following cases:
 - a. When the Issuer does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the relevant implementing regulations.
 - b. When the auditor's report of the Issuer contains an opposing opinion or an abstention from expressing opinion.
 - c. If the liquidity requirements of Chapters 2 and 8 of the Listing Rules are not met after the time limit set by the Exchange for the Issuer to rectify its conditions, unless the CMA agrees otherwise.
 - d. The issuance of a decision by an Extraordinary General Assembly of the Issuer to reduce its capital for the two trading days following the issuance of the decision.
4. The Exchange shall lift the suspension referred to in subparagraphs (a), (b) and (c) of paragraph (3) above, one trading session after the reason for such suspension has been removed. If the trading of Shares is authorized outside the platform, the Exchange shall lift the suspension within a period not exceeding five trading sessions following the absence of any reason for suspension.
5. The Exchange may ask the CMA, at any time, to suspend the trading of any listed securities or to cancel the listing altogether, if any of the cases mentioned in paragraph (a) above is likely to occur.
6. The Issuer whose securities are subject to trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.
7. If the suspension of trading of securities continues for a period of 6 months, without any appropriate measures taken by the Issuer to remedy said suspension, the CMA may cancel the listing of the Issuer's securities.
8. When the Issuer completes a reverse takeover, the Issuer's shares shall be delisted. If the Issuer wishes to re-list its Shares, it must submit an application to list its Shares in accordance with the Listing Rules and fulfill the relevant requirements stipulated in the OSCOs.
9. These clauses shall not prejudice the suspension of trading or the cancellation of listing resulting from the Company's losses based on the relevant implementing regulations and Exchange rules.

9.5.2 Voluntary Cancellation or Suspension of Listing

1. An issuer whose securities have been listed on the Exchange, may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the Issuer must submit a cancellation request to the CMA along with a simultaneous notice to the Exchange. The application must include the following:
 - a. Specific reasons for the cancellation request;
 - b. A copy of the disclosure referred to in Paragraph (4) below;
 - c. A copy of the relevant documentation and a copy of each related communication to shareholders, if the cancellation is to take place as a result of an acquisition or other corporate action by the issuer; and
 - d. Names and contact information of the Financial Advisor and Legal Advisor appointed according to the relevant implementing regulations.
2. The CMA may, at its discretion, approve or reject the cancellation request.
3. The Issuer must obtain the approval of its extraordinary general assembly after having obtained the CMA's approval to the cancellation of listing.
4. Where cancellation is made at the Issuer's request, the Issuer must announce it to the public as soon as possible. The disclosure has to 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.

9.5.3 Temporary Trading Suspension

1. The Issuer may request the Exchange to temporarily suspend trading in its securities upon the occurrence of an event during trading hours, which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the Issuer cannot maintain the confidentiality of this information until the end of trading hours. In such a case, the Exchange suspends trading of the securities of the Issuer as soon as it receives the request.
2. Where a temporary trading suspension is made at the Issuer's request, the Issuer must announce as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension, the event leading thereto and the extent to which it affects the Issuer's activities.
3. The CMA may impose a temporary trading suspension without a request from the Issuer, where the CMA becomes aware of information or circumstances affecting the Issuer's activities which the CMA considers would be likely to interrupt the

operation of the Exchange or the protection of investors. The Issuer whose securities are subject to temporary trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.

4. The Exchange may recommend to the CMA to exercise its authority in accordance with Paragraph (3) above, if it becomes aware of any information or circumstances that might affect the Issuer's activities and are likely to affect the operation of the Exchange or the protection of investors.
5. A temporary trading suspension will be lifted following the elapse of the disclosure period referred to in Paragraph (2) above, unless the CMA or the Exchange decides otherwise.

9.5.4 Lifting of Suspension

Lifting of trading suspension, as per Paragraph (1) of Section 9.5.1 ("**Suspension of Trading or Cancellation of Listing**"), is subject to the following:

- a. Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
- b. Lifting the suspension is unlikely to affect the normal activity of the Exchange.
- c. The Issuer complies with any other conditions that the CMA may require.

In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the listing of the Company's securities.

9.5.5 Re-registering and Listing of Cancelled Securities

If the Issuer wishes to re-list its shares after their cancellation, the Issuer must submit a new application to list its shares in accordance with the Listing Rules and fulfill the relevant requirements set out in the OSCOs.

9.6 Approvals and Decisions under which the Shares are listed

The following are the decisions and approvals under which the Company Shares are listed:

1. **The Board of Director's approval on the request for the registration and Offering of the Shares on the Parallel Market**

On 12/02/1444H (corresponding to 08/09/2022G), the Board of Directors approved the request for the registration of the Shares and the offering of one million and fifty thousand (1,050,000) ordinary shares representing 30% of the Company's share capital on the Parallel Market.

2. **The General Assembly's approval on the registration and Offering of the Shares on the Parallel Market**

At its meeting held on 06/01/1444H (corresponding to 04/08/2022G), the General Assembly approved the registration of the Shares and the offering of one million and fifty thousand (1,050,000) ordinary shares representing 30% of the Company's share capital on the Parallel Market.

3. **The Saudi Exchange's approval of the listing of the Shares on the Parallel Market**

On 22/06/1444H (corresponding to 15/01/2023G), the Saudi Exchange's approval was obtained to list the Company Shares on the Parallel Market.

4. **CMA's Approval**

The CMA's approval was obtained for the application to register the Shares and offer one million and fifty thousand (1,050,000) ordinary shares, representing 30% of the Company's share capital on the Parallel Market. This approval was announced on the CMA's website on 05/09/1444H (corresponding to 27/03/2023G),

9.7 Existing Arrangements to prevent the disposal of certain shares (Lock-Up Period)

Substantial Shareholders whose names appear on page (xiii) of this Prospectus may not dispose of the shares they own for a period of twelve (12) months from the date on which trading of the Shares commences on the Parallel Market, and they may dispose of their shares after the expiry of this period without the need to obtain the CMA's prior approval. Other than the Lock-up Period imposed by the CMA on the Substantial Shareholders, there are no other existing arrangements that prevent the disposal of specific shares.

10 SUBSCRIPTION DECLARATIONS

10.1 Subscribers' Declarations

By completing and submitting the Subscription Application Form, the Subscriber:

- Agrees to subscribe to the number of shares specified in the Subscription Application he/she submitted.
- Warrants that he/she has carefully read the Prospectus and all its contents, studied it carefully and understood its content.
- Accepts the Company's Bylaws and the Offering instructions, terms and conditions mentioned in the Prospectus and the Subscription Application Form, and subscribes to the shares accordingly.
- Confirms that he/she has not waived the right to hold the Company liable for any damage resulting from this Prospectus containing incorrect or insufficient material information, or as a result of omission of material information that directly affects the subscriber's acceptance of the subscription had said information been included in the Prospectus.
- Declares that neither himself/herself nor any member of his/her family included in the Subscription Application Form have previously submitted an application to subscribe to the Company's Shares, and that the Financial Advisor has the right to reject any or all duplicate applications.
- Accepts the number of Offer Shares allocated thereto (to the maximum amount he/she subscribed for) as per the Subscription Application, and he/she also accepts all subscription terms and conditions contained in the Subscription Application Form and in this Prospectus.
- Warrants not to cancel or amend the Subscription Application Form after submission to the Lead Manager.

10.2 Share Register and Dealing Arrangements

Tadawul maintains a register of shareholders containing their names, nationalities, residence addresses, occupations, shares they own, and the amounts paid from these shares.

10.3 About the Saudi Stock Exchange

The Tadawul system was established in 2001G as an alternative system to the Electronic Securities Information System, noting that full electronic trading was introduced to the Kingdom in 1990G. Trading in shares occurs through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. Said times are subject to change during the month of Ramadan and they are announced by Tadawul.

Transactions take place through the automated 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 different channels, most notably the Tadawul website, which provides up-to-date market information for major information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that shares ownership transfer takes two (2) working days after execution of the transaction.

The Issuer is required to disclose all material decisions and information that are important for the investors via the Exchange. Surveillance and monitoring is the responsibility of Tadawul Management to ensure fair trading and an orderly market.

10.4 Trading of Shares on the Parallel Market

An application was submitted to the CMA to register the Shares and to offer one million and fifty thousand (1,050,000) ordinary shares representing 30% of the Company's share capital on the Parallel Market. An application was also submitted to the Saudi Exchange to list those shares on the Parallel Market.

Trading of Shares is expected to commence after the final allocation of such Shares and fulfilling all relevant statutory procedures. The Saudi Exchange will announce the trading date of the Shares in due course. The dates and times mentioned in this Prospectus are indicative and provided for reference only. They may be changed or extended with the approval of the CMA.

Trading in the Offered Shares can only be made after approving the allocation of Shares in the shareholders' accounts with Tadawul, registration of the Company, and listing of the Shares on Tadawul. Trading in shares is strictly prohibited before official trading commences. The investors who deal in such prohibited trading activities shall be held liable therefor, and the Company will not bear any legal responsibility in this regard.

Trading in shares listed on the Parallel Market is restricted to Qualified Investors (for more information, please refer to Section 1 (**"DEFINITIONS AND ABBREVIATIONS"**) of this Prospectus).

11

PROCEDURE FOR INCOMPLETE OFFERING

If the Offering is not completed on the date specified for the end of the Offering as indicated in this Prospectus (for further information, refer to the (“**KEY DATES AND SUBSCRIPTION PROCEDURES**”) section on page (x) of this Prospectus), the Financial Advisor shall notify the CMA in writing within ten (10) days from the end of the Offering Period that the Offering has not been completed. Then, the Financial Advisor will notify the subscribers, and the amounts collected from the subscribers (if any) shall be returned without deducting any commissions or fees.

The Company confirms its commitment to any decisions, instructions, or procedures issued by the CMA in the event that the Offering is not completed.

12 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office between 9:00 a.m. and 5:00 p.m. from Sunday 21/12/1444H (corresponding to 09/07/2023G) until Sunday 28/12/1444H (corresponding to 16/07/2023G) for a period of no less than seven (7) Days prior to the end of the Offering Period:

1. The Company's main commercial register.
2. The Company's Bylaws and Articles of Association.
3. The CMA's announcement approving the registration of the Shares and offering one million fifty thousand (1,050,000) ordinary shares representing 30% of the Company's share capital, on the Parallel Market, in the form of a hard copy taken from the CMA's website.
4. Tadawul's approval to list the Shares on the Parallel Market.
5. The Board of Directors' approval on the offering and listing of the Shares on the Parallel Market.
6. The General Assembly's approval on the offering and listing of the Shares on the Parallel Market.
7. Letters of consent to include the name, logo and declarations in this Prospectus from each of:
 - a. The Company's Financial Advisor and Lead Manager (Saudi Fransi Capital Company).
 - b. The Company's Auditor (Baker Tilly MKM & Co.) for the financial year ended on 31/12/2021G and the financial period ended on 30/09/2022G.
8. All reports, letters, and other documents, valuations and data prepared by any expert wholly or partly included or referred to herein.
9. The audited financial statements of the Company for the financial year ended on 31/12/2021G.
10. The reviewed financial statements of the Company for the financial period ended on 30/09/2022G.

13 AUDITOR'S REPORT

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

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BAKER TILLY MKM & CO.
CERTIFIED PUBLIC ACCOUNTANTS
Suite 310, Al Diwan Building,
3810 King Faisal Road, Yarmok,
Khobar 34422 - 7063
Kingdom of Saudi Arabia
Tel: +966 13 630 0906
Fax: +966 13 634 7582

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Professional Medical Expertise Company
(A Saudi Closed Joint Stock Company)
Dhahran, Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of Professional Medical Expertise Company (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

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

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

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

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

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

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



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders
Professional Medical Expertise Company
(A Saudi Closed Joint Stock Company)
Dhahran, Kingdom of Saudi Arabia

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly MKM & Co.
Certified Public Accountants
Jeddah, Kingdom of Saudi Arabia

Bader Hatim Al Tamimi
License No. 489
23 Shawwal 1444H
Corresponding to 13 May 2023G



PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 SR	31 December 2021 SR
ASSETS			
Non-current assets			
Property, plant and equipment	5	9,839,654	5,502,686
Right of use assets	6	2,866,918	873,830
		<u>12,706,572</u>	<u>6,376,516</u>
Current assets			
Inventories	7	73,443,366	48,250,335
Trade receivables	8	99,785,697	87,610,228
Prepayments and other receivables	9	7,956,011	5,056,898
Bank balances		5,316,275	17,804,332
		<u>186,501,349</u>	<u>158,721,793</u>
TOTAL ASSETS		<u>199,207,921</u>	<u>165,098,309</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	35,000,000	500,000
Additional funding by shareholders	10	1,080,225	-
Statutory reserve		2,051,582	150,000
Retained earnings		35,057,908	39,105,240
Total equity		<u>73,189,715</u>	<u>39,755,240</u>
Liabilities			
Non-current liabilities			
Lease liabilities	6	1,886,346	295,418
Employee termination benefits	14	6,474,856	5,585,204
		<u>8,361,202</u>	<u>5,880,622</u>
Current liabilities			
Short term borrowings	13	54,998,323	36,204,901
Trade payables and other accruals	15	59,143,073	53,996,710
Current portion of lease liabilities	6	1,663,276	782,874
Due to related parties	22	-	27,286,615
Zakat payable	16	1,852,332	1,191,347
		<u>117,657,004</u>	<u>119,462,447</u>
Total liabilities		<u>126,018,206</u>	<u>125,343,069</u>
TOTAL EQUITY AND LIABILITIES		<u>199,207,921</u>	<u>165,098,309</u>

The accompanying notes form an integral part of these consolidated financial statements

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 SR	2021 SR
Revenue from contracts with customers	17	176,051,291	131,259,497
Cost of sales		<u>(92,404,687)</u>	<u>(64,347,521)</u>
Gross profit		83,646,604	66,911,976
Selling and marketing expenses	18	(31,614,777)	(23,991,428)
General and administrative expenses	19	(23,630,037)	(18,025,858)
Allowance for expected credit losses	8	<u>(2,392,111)</u>	<u>(440,971)</u>
Operating profit		26,009,679	24,453,719
Finance costs	20	(4,740,263)	(2,652,963)
Other losses / (Income)		<u>(401,261)</u>	<u>9,757</u>
Profit before zakat		20,868,155	21,810,513
Zakat	16	<u>(1,852,332)</u>	<u>(1,191,347)</u>
PROFIT FOR THE YEAR		19,015,823	20,619,166
Other Comprehensive Income (OCI)			
<i>OCI that will not be reclassified to profit or loss in subsequent years:</i>			
Remeasurements of defined benefit liability	14	<u>51,814</u>	<u>(754,875)</u>
Net OCI that will not be reclassified to profit or loss in subsequent years		51,814	(754,875)
Total comprehensive income for the year		19,067,637	19,864,291
Earnings per share:			
Basic and dilutive earnings per share:		<u>8.52</u>	<u>26.73</u>
Average number of shares outstanding	23	<u>2,233,122</u>	<u>771,339</u>

The accompanying notes form an integral part of these consolidated financial statements

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital		Additional funding by shareholders	Statutory reserve		Retained earnings		Total equity	
		SR	SR		SR	SR	SR	SR	SR	SR
For the year ended 31 December 2022:										
As at 1 January 2022		500,000	-	-	150,000	39,105,240	39,755,240			
Profit for the year		-	-	-	-	19,015,823	19,015,823			
Other comprehensive income		-	-	-	-	51,814	51,814			
Total comprehensive income		-	-	-	-	19,067,637	19,067,637			
Transfer to statutory reserve		-	-	-	1,901,582	(1,901,582)	-			
Additional funding by shareholders		-	1,080,225	-	-	-	1,080,225			
Capital Increase	10	34,500,000	-	-	-	(7,213,387)	27,286,613			
Dividends declared	11	-	-	-	-	(14,000,000)	(14,000,000)			
As at 31 December 2022		35,000,000	1,080,225	2,051,582	35,057,908	73,189,715				
For the year ended 31 December 2021:										
As at 1 January 2021		130,000	-	-	50,000	23,710,949	23,890,949			
Profit for the year		-	-	-	-	20,619,166	20,619,166			
Other comprehensive loss		-	-	-	-	(754,875)	(754,875)			
Total comprehensive income		-	-	-	-	19,864,291	19,864,291			
Transfer to statutory reserve		-	-	-	100,000	(100,000)	-			
Capital Increase	10	370,000	-	-	-	(370,000)	-			
Dividends declared	11	-	-	-	-	(4,000,000)	(4,000,000)			
As at 31 December 2021		500,000	-	150,000	39,105,240	39,755,240				

The accompanying notes form an integral part of these consolidated financial statements

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	SR	SR
OPERATING ACTIVITIES		
Profit for the year	19,015,823	20,619,166
Adjustments for non-cash items:		
Depreciation property, plant and equipment	2,057,679	1,793,069
Depreciation of right of use assets	1,012,700	579,016
(Gain) / Loss on disposal of property, plant and equipment	(1,688)	57,236
Employee termination benefits incurred	1,089,187	1,266,384
Zakat charge	1,852,332	1,191,347
Finance cost	4,740,263	2,652,963
	<u>29,766,296</u>	<u>28,159,181</u>
Changes in working capital:		
Inventories	(25,193,031)	(13,385,574)
Trade receivables	(12,175,469)	(32,678,419)
Prepayments and other receivables	(2,899,113)	10,136,930
Trade payables and other accruals	6,947,882	29,303,245
Due to related parties	1,080,225	1,000,574
	<u>(2,473,210)</u>	<u>22,535,937</u>
Employee benefits paid	(257,552)	(202,806)
Zakat paid	(1,191,347)	(707,574)
Net cash flows (used in)/generated from operating activities	<u>(3,922,109)</u>	<u>21,625,557</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,512,317)	(3,340,145)
Proceeds from disposal of property, plant and equipment	119,358	-
Net cash flows used in investing activities	<u>(6,392,959)</u>	<u>(3,340,145)</u>
FINANCING ACTIVITIES		
Change in short term loans	18,793,422	31,344
Dividends paid	(16,000,000)	(2,900,000)
Finance costs paid	(4,333,875)	(2,522,630)
Lease liabilities paid	(632,536)	(465,874)
Net cash flows used in financing activities	<u>(2,172,989)</u>	<u>(5,857,160)</u>
Net change in cash and cash equivalents	<u>(12,488,057)</u>	<u>12,428,252</u>
Cash and cash equivalents at the beginning of the year	17,804,332	5,376,080
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>5,316,275</u>	<u>17,804,332</u>
Non Cash Transaction		
Capital increase from amount due to shareholders	27,286,613	370,000
Capital increase from retained earnings	7,213,387	-
Additional funding by shareholders	1,080,225	-
Addition to right of use assets	3,005,788	853,245
Unpaid interest	198,479	598,049

The accompanying notes form an integral part of these consolidated financial statements

PROFESSIONAL MEDICAL EXPERTISE COMPANY

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1 COMPANY INFORMATION

Professional Medical Expertise Company (the "Company") is a Closed Joint Stock Company formed under the Regulation for Companies in the Kingdom of Saudi Arabia under Commercial Registration number 2052001627 dated 14 Sha'ban 1431H (corresponding to 6 August 2010).

The Company is engaged in the retail sale of medical equipment, tools and supplies, medical Devices warehouse activities, legal representation of medical products and devices' manufacturers, agents involved in the sale of medicines and drug warehouse activities.

The Company's registered office is in Dhahran, Saudi Arabia.

These consolidation financial statements include the assets, liabilities, and activities of the Group and its following branches:

CR number	Location	Dated
4030251913	Jeddah	29/8/1434H
2050106678	Dammam	28/11/1436H
1010613828	Riyadh	3/4/1439H
2051225780	Khobar	23/8/1440H
4030479566	Jeddah	28/12/1443H

The consolidated financial statements comprise the financial statements of the Company and the following subsidiary as at 31 December (the Company and its subsidiary are hereinafter referred to as the "Group").

Subsidiary name	Place of business	Effective ownership		Main activities
		2022	2021	
Promedex Medical Equipments Trading Co.	United Arab Emirates	100%	100%	Trading in medical, surgical, equipment and instruments.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants. Details of the Group's significant accounting policies are disclosed in note 27.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Saudi Riyals which is also the functional currency of the Company and all values are rounded to the nearest Riyal (SR), except when otherwise indicated.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risk and uncertainties' includes:

-	Financial instruments risk management	Note 26
-	Sensitivity Analysis	Note 14

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

PROFESSIONAL MEDICAL EXPERTISE COMPANY

A Saudi Closed Joint Stock Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.1 Estimates and assumptions (continued)

Long-term assumption of employees termination benefits

Employee termination benefits represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables like discount factor, salary increase rate, mortality rates and employees' turnover. The Group's management periodically takes advice from external actuarial experts on these assumptions. Changes in key assumptions could materially affect the provision for employees termination benefits.

Impairment of inventories

Inventories are stated at cost or net realizable value, which is lower. Once the inventories become old or obsolete, an estimate is made for their net realizable value. For each significant amount, an estimate is made individually for each amount. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance is provided based on the type, age or degree of obsolescence, based on expected selling prices.

Impairment of trade receivables

The Group uses a provision matrix to calculate Expected Credit Losses "ECLs" for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

The assessment of loss given default (LGD) and the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about ECLs on trade receivables is disclosed in note 8.

4 CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the financial statements for the year ended 31 December 2022 are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, certain amendments, the nature and effect of these changes are disclosed below:

- COVID-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16 '*Leases*'.
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 '*Provisions, Contingent Liabilities and Contingent Assets*'.
- Proceeds before Intended Use – Amendments to IAS 16 '*Property, Plant and Equipment*'.
- Subsidiary as a first-time adopter of International Financial Reporting Standards - Amendments to IFRS 1 '*First-time Adoption of IFRS*'.
- References to the Conceptual Framework – Amendments to IFRS 3 '*Business Combinations*'.
- Taxation in fair value measurements of Agricultural Products – Amendment to IAS 41 '*Agriculture*'.

These amendments had no impact on the financial statements of the Company.

PROFESSIONAL MEDICAL EXPERTISE COMPANY

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

5 PROPERTY, PLANT AND EQUIPMENT

	<i>Motor Vehicles</i>	<i>Office equipment and furniture</i>	<i>Tools and Medical tools</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cost:				
At 1 January 2021	429,859	1,093,408	10,538,778	12,062,045
Additions	155,710	405,711	2,778,724	3,340,145
Disposals	-	(7,008)	(129,774)	(136,782)
At 31 December 2021	585,569	1,492,111	13,187,728	15,265,408
Additions	248,234	223,685	6,040,398	6,512,317
Disposals	-	(7,058)	(185,611)	(192,669)
At 31 December 2022	833,803	1,708,738	19,042,515	21,585,056
Accumulated depreciation:				
At 1 January 2021	328,513	717,416	7,003,270	8,049,199
Charge for the year	71,017	212,306	1,509,746	1,793,069
Disposals	-	(6,755)	(72,791)	(79,546)
At 31 December 2021	399,530	922,967	8,440,225	9,762,722
Charge for the year	123,753	234,929	1,698,997	2,057,679
Disposals	-	(969)	(74,030)	(74,999)
At 31 December 2022	523,283	1,156,927	10,065,192	11,745,402
Net book values:				
At 31 December 2022	310,520	551,811	8,977,323	9,839,654
At 31 December 2021	186,039	569,144	4,747,503	5,502,686

6 LEASES

6.1 RIGHT OF USE ASSETS

	<i>Offices</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>
Cost:		
At 1 January 2021	899,403	899,403
Additions	853,245	853,245
At 31 December 2021	1,752,648	1,752,648
Additions	3,005,788	3,005,788
At 31 December 2022	4,758,436	4,758,436
Accumulated depreciation:		
At 1 January 2021	299,802	299,802
Charge for the year	579,016	579,016
At 31 December 2021	878,818	878,818
Charge for the year	1,012,700	1,012,700
At 31 December 2022	1,891,518	1,891,518
Net book values:		
At 31 December 2022	2,866,918	2,866,918
At 31 December 2021	873,830	873,830

- The Group leases its offices. The lease term is between 2 to 5 years

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

6 LEASES (CONTINUED)

6.2 LEASE LIABILITIES

The movement of lease liabilities for the years ended 31 December were as follows:

	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
1 January	1,078,292	650,171
Additions	3,005,788	853,245
Interest due	98,078	40,750
Paid	<u>(632,536)</u>	<u>(465,874)</u>
31 December	3,549,622	1,078,292
Less: current portion of finance lease liabilities	<u>(1,663,276)</u>	<u>(782,874)</u>
Non-current portion of finance lease liabilities	<u>1,886,346</u>	<u>295,418</u>

The maturity profile of lease liabilities at 31 December is as follows :

	<u>31 December</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
1 year	1,663,276	782,874
more than 1 year and less than 5 years	1,886,346	295,418
more than 5 years	-	-
	<u>3,549,622</u>	<u>1,078,292</u>

7 INVENTORIES

	<u>31 December</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
Orthopedic surgery items	37,784,716	26,368,702
General surgery items	18,356,749	13,984,289
Other medical supplies	15,359,294	8,897,344
Goods in transit	<u>3,273,872</u>	<u>-</u>
	74,774,631	49,250,335
Less: Allowance for slow moving inventory	<u>(1,331,265)</u>	<u>(1,000,000)</u>
	<u>73,443,366</u>	<u>48,250,335</u>

The movement in the allowance for slow-moving inventory is as follows:

	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
1 January	1,000,000	500,000
Additions	331,265	500,000
31 December	<u>1,331,265</u>	<u>1,000,000</u>

8 TRADE RECEIVABLES

	<u>31 December</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
Accounts receivable - public sector	74,351,246	65,702,898
Accounts receivable - private sector	28,885,453	23,011,029
Accounts receivable - related parties (note 23)	<u>152,328</u>	<u>107,520</u>
	103,389,027	88,821,447
Less: allowance for expected credit losses	<u>(3,603,330)</u>	<u>(1,211,219)</u>
	<u>99,785,697</u>	<u>87,610,228</u>

PROFESSIONAL MEDICAL EXPERTISE COMPANY

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

8 TRADE RECEIVABLES (CONTINUED)

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

	2022	2021
	SR	SR
1 January	1,211,219	770,248
Additions	2,392,111	440,971
31 December	<u>3,603,330</u>	<u>1,211,219</u>

An aged analysis of trade receivables as at 31 December is as follows:

	Not past due	Past due but not impaired				Total
		< 180 days	181-365 days	366-720 days	> 730 days	
	SR	SR	SR	SR	SR	SR
2022						
ECL rate	0.82%	2.15%	9.07%	13.15%	20.17%	
Gross value	59,047,180	22,879,298	7,377,068	11,226,329	2,372,170	103,389,027
Credit loss	486,981	492,690	668,835	1,476,321	478,503	3,603,330
Net value	<u>58,560,199</u>	<u>22,386,608</u>	<u>6,708,233</u>	<u>9,750,008</u>	<u>1,893,667</u>	<u>99,785,697</u>
	Not past due	Past due but not impaired				Total
	SR	< 180 days	181-365 days	366-720 days	> 730 days	SR
	SR	SR	SR	SR	SR	SR
2021						
ECL rate	0.28%	0.67%	1.97%	2.54%	13.54%	
Gross value	37,873,730	27,844,668	10,376,074	9,173,975	3,553,000	88,821,447
Credit loss	105,917	187,120	204,314	232,911	480,957	1,211,219
Net value	<u>37,767,813</u>	<u>27,657,548</u>	<u>10,171,760</u>	<u>8,941,064</u>	<u>3,072,043</u>	<u>87,610,228</u>

9 PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2022	31 December 2021
	SR	SR
Refundable IPO costs *	2,615,327	-
Employee advances	2,131,992	396,519
Cash margin on LGs	1,002,791	2,245,269
Advances from suppliers	912,063	535,392
Prepaid expenses	326,112	247,229
Others	967,726	1,632,489
	<u>7,956,011</u>	<u>5,056,898</u>

*The refundable IPO costs represent all the expenses that the Group has incurred to prepare its profile for the initial public offering "IPO". The shareholders of the Group decided in their general assembly dated 1 March 2022 to repay to the Company all IPO costs.

PROFESSIONAL MEDICAL EXPERTISE COMPANY

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

10 SHARE CAPITAL

On 19 June 2022, the shareholders general assembly decided to increase the capital of the Company from SR 500,000 to SR 35,000,000 by transferring SR 27,286,613 from due to shareholders and SR 7,213,387 from retained earnings.

On 7 September 2022, the shareholders general assembly decided to transfer SR 1,080,225 from due to shareholders to Additional funding by shareholders. Additional funding by shareholders represents additional investment by shareholders that is non-interest bearing and does not have maturity date.

The share capital of the Company as at 31 December 2022 comprised 3,500,000 shares (31 December 2021: 50,000 shares) stated at SR 10 per share (31 December 2021: SR 10 per share).

The capital as at 31 December 2022 is owned as follows:

Shareholder's name	No. of Shares	Percentage%	Amount SR
AlOmran Holding Company	1,750,000	50%	17,500,000
Second Health Care Trading Company	1,400,000	40%	14,000,000
Riyadh bin Abdullah bin Rashid Abu Nyan	350,000	10%	3,500,000
	3,500,000	100%	35,000,000

The capital as at 31 December 2021 is owned as follows:

Shareholder's name	No. of Shares	Percentage%	Amount SR
AlOmran Holding Company	25,000	50%	250,000
Second Health Care Trading Company	20,000	40%	200,000
Riyadh bin Abdullah bin Rashid Abu Nyan	5,000	10%	50,000
	50,000	100%	500,000

11 DIVIDENDS

During the year ended 31 December 2022, the shareholders declared dividends of SR 14,000,000 (31 December 2021: declared a dividend of SR 4,000,000).

12 CAPITAL MANAGEMENT

For the purpose of capital management, capital includes capital, statutory reserve and all other equity reserves attributable to the shareholders of the Company. The primary objective of capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders increase capital or adjust its bank borrowings.

13 SHORT TERM BORROWINGS

Short- term borrowings comprise the following:

	31 December 2022	31 December 2021
	SR	SR
Short-term bank loans	54,998,323	39,204,901
Less: Compensating cash balance	-	(3,000,000)
	54,998,323	36,204,901

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

13 SHORT TERM BORROWINGS (CONTINUED)

The short-term loans represent Islamic Murabaha facility agreements obtained by the Group from local banks to finance local and foreign purchases and open credits, with an average of SAIBOR plus an agreed fixed margins to be repaid within a year. The loans are guaranteed by corporate guarantees and personal guarantees from shareholders to secure these loans. According to the facility agreements, the Group should maintain certain financial covenants such as current ratio, financial leverage and other covenants.

14 EMPLOYEE TERMINATION BENEFITS

The movement in employee termination benefits, a defined benefit plan, during the year is as follows:

	2022	2021
	SR	SR
1 January	5,585,204	3,677,168
Expense charged to profit or loss	1,199,018	1,355,967
Actuarial remeasurement charged to OCI	(51,814)	754,875
Paid	(257,552)	(202,806)
31 December	<u>6,474,856</u>	<u>5,585,204</u>

The expense charged to profit or loss comprise of:

	2022	2021
	SR	SR
Current service cost	1,089,187	1,266,384
Interest cost	109,831	89,583
Cost recognized in profit or loss	<u>1,199,018</u>	<u>1,355,967</u>

Significant actuarial assumptions

	As at 31 December	
	2022	2021
Discount factor used	4.50%	2.50%
Salary increase rate	6.00%	7.00%

Sensitivity analysis of key actuarial assumptions are as follows:

	2022		2021	
	%	SR	%	SR
Discount rate				
Increase	+ 1%	6,229,590	+ 1%	5,342,636
Decrease	- 1%	6,739,876	- 1%	5,849,936
Salary growth rate				
Increase	+ 1%	6,705,316	+ 1%	5,809,680
Decrease	- 1%	6,257,056	- 1%	5,374,548

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

15 TRADE PAYABLES AND OTHER ACCRUALS

	31 December 2022	31 December 2021
	SR	SR
Accounts payable	48,090,860	40,251,307
Accrued expenses	8,242,485	6,369,274
Advance from customers	2,013,200	4,778,080
Accrued interest	796,528	598,049
Dividends payable	-	2,000,000
	59,143,073	53,996,710

16 ZAKAT

Basis for Zakat:

The Company is subject to zakat. Zakat is payable at 2.5% of the greater of the approximate zakat base and adjusted profit. The significant components of the zakat base under zakat regulation principally comprise equity, provisions at the beginning of year and adjusted net income, less a deduction for the net book value of long-term assets. The subsidiary not subject to zakat or income tax.

The movement in the zakat payable is as follows:

	2022	2021
	SR	SR
1 January	1,191,347	707,574
Charge for the year	1,852,332	1,191,347
Paid	(1,191,347)	(707,574)
31 December	1,852,332	1,191,347

Status of certificates and assessments:

The Company received final assessments from the Zakat, Tax and Customs Authority ("ZATCA") until 2019, and the Company settled additional amounts claimed by ZATCA. The Company submitted its Zakat returns up to 2021 and received certificates for those years.

17 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers represents sales of medical equipment and supplies to healthcare facilities. The performance obligation from these sales is satisfied upon delivery of the goods to the customer.

Disaggregated revenue information

	2022	2021
	SR	SR
Sales to the public sector	120,620,540	86,882,094
Sales to the private sector	55,430,751	44,377,403
Total revenue from contracts with customers	176,051,291	131,259,497

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

18 SELLING AND MARKETING EXPENSES

	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
Employee benefits	24,618,862	19,170,751
Marketing	5,955,794	4,199,105
Depreciation of property, plant and equipment	123,753	71,017
Other	916,368	550,555
	<u>31,614,777</u>	<u>23,991,428</u>

19 GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
Employee benefits	9,664,380	7,385,147
Medical insurance	2,848,785	1,746,389
Depreciation of property, plant and equipment	1,933,926	1,722,052
Government fees	1,892,883	1,819,698
Social insurance	1,670,562	1,006,652
Travelling	1,563,044	1,219,050
Short term rent	1,092,145	706,925
Depreciation of right of use assets	1,012,700	579,016
Professional fees	496,041	791,485
Other	1,455,571	1,049,444
	<u>23,630,037</u>	<u>18,025,858</u>

20 FINANCE COSTS

	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
Commission on short term murabaha borrowings	4,532,354	2,522,630
Unwinding of discount on provision for employees termination benefits	109,831	89,583
Unwinding of discount on lease liabilities	98,078	40,750
	<u>4,740,263</u>	<u>2,652,963</u>

21 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION

	<u>2022</u>	<u>2021</u>
	<i>SR</i>	<i>SR</i>
Profit for the year	19,015,823	20,619,166
Finance costs	4,740,263	2,652,963
Zakat	1,852,332	1,191,347
Depreciation of property, plant and equipment	2,057,679	1,793,069
Depreciation of right of use assets	1,012,700	579,016
EBITDA	<u>28,678,797</u>	<u>26,835,561</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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22 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that have been entered into with related parties and the related balances as of 31 December:

		<u>Sales to related parties</u>	<u>Amounts due from related parties*</u>
		SR	SR
Elite Specialist Clinics	2022	74,807	152,328
	2021	27,520	107,520

* The amounts are classified as trade receivables (see note 8).

The following table provides the amounts due to shareholders as of 31 December:

<u>Name</u>	<u>2022</u>	<u>2021</u>
	SR	SR
Second Health Care Trading Company	-	18,887,012
AlOmran Holding Company	-	8,399,603
	-	27,286,615
Compensation of key management personnel:		
	<u>2022</u>	<u>2021</u>
	SR	SR
Short term employee benefits	4,072,149	3,952,018
Long term employee benefits	1,585,418	1,227,166
Total compensation of key management personnel	5,657,567	5,179,184

23 EARNINGS PER SHARE

The basic and diluted earnings per share from net profit is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The number of outstanding shares for the year ended on 31 December 2022 has been retrospectively adjusted to reflect the effect of the increase in the capital transferred from the retained earnings account as disclosed in note 10.

There was no dilutive component affecting the weighted average number of ordinary shares.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

24 SEGMENT REPORTING

Operating segments:

The Group has one operating segment which is sale of medical equipment and supplies.

Geographical segments:

The Group operates in the Kingdom of Saudi Arabia (KSA) and United Arab of Emirates (UAE). The following is a summary of certain financial information according to geographical areas.

	KSA	UAE	Total
	SR	SR	SR
<i><u>For the year ended 31 December 2022:</u></i>			
Revenue from contracts with customers	<u>164,256,881</u>	<u>11,794,410</u>	<u>176,051,291</u>
Profit/(loss) for the year	<u>20,698,373</u>	<u>(1,682,550)</u>	<u>19,015,823</u>
<i><u>As at 31 December 2022:</u></i>			
Property, plant and equipment	<u>8,157,361</u>	<u>1,682,293</u>	<u>9,839,654</u>
<i><u>For the year ended 31 December 2021:</u></i>			
Revenue from contracts with customers	<u>126,777,987</u>	<u>4,481,510</u>	<u>131,259,497</u>
Profit/(loss) for the period	<u>21,707,551</u>	<u>(1,088,385)</u>	<u>20,619,166</u>
<i><u>As at 31 December 2021:</u></i>			
Property, plant and equipment	<u>4,313,883</u>	<u>1,188,803</u>	<u>5,502,686</u>

25 COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

The Company is contingently liable for bank guarantees and letter of credit issued in the normal course of business amounting to SR 5 million as at 31 December 2022 (2021: SR 17.6 million).

26 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

26.1 Fair value measurements of financial instruments

As at 31 December 2022 and 2021, the Group did not have any financial instruments measured at fair value.

26.2 Risk Management of Financial Instruments

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk and market price risk.

Credit Risk:

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's is exposed to credit risk on its trade receivables , other receivables and bank balances as follows.

	31 December 2022	31 December 2021
	SR	SR
Trade receivables	99,785,697	87,610,228
Other receivables	3,044,055	931,911
Bank balances	5,316,275	17,804,332
	<u>108,146,027</u>	<u>106,346,471</u>

PROFESSIONAL MEDICAL EXPERTISE COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

26 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Risk Management of Financial Instruments (Continued)

Credit Risk: (Continued)

The carrying amount of financial assets represents the maximum credit exposure.

The Group seeks to limit its credit risk with respect to trade receivables by setting credit limits for individual customers and by monitoring outstanding balances on an ongoing basis. The receivable balances are monitored with the result that the Groups exposure to bad debts is not significant. The five largest customers account approximately for 63% of outstanding trade receivables at 31 December 2022 (2021: 54%).

Bank balances are held with banks with sound credit ratings.

Liquidity Risk:

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities.

	31 December 2022			
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	SR	SR	SR	SR
Financial Liabilities				
Trade payables and other accruals	59,143,073	59,143,073	-	-
Short term borrowings	54,998,323	54,998,323	-	-
	114,141,396	114,141,396	-	-
	31 December 2021			
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	SR	SR	SR	SR
Financial liabilities				
Trade payables	53,996,710	53,996,710	-	-
Short term borrowings	36,204,901	36,204,901	-	-
Due to related parties	27,286,615	27,286,615	-	-
	117,488,226	117,488,226	-	-

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and credit facilities are available to meet the Group's future commitments.

Market Risk:

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

26 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

26.2 Risk Management of Financial Instruments (Continued)

Currency Risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Company's currency. The Company exposure to foreign currency risk is primarily limited to transactions in United States Dollars ("USD"), and United Arab Emirates Dirham ("AED"). The Group management believes that their exposure to currency risk associated with USD and AED is limited as the Group's currency and AED are pegged to USD. The fluctuation in exchange rates against other currencies is monitored on a continuous basis.

Interest Rate Risk

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The variable rate financial liabilities as at 31 December 2022 amounted to SR 54,998,323 (2021: SR 36,204,901).

An increase of 100 basis points in the interest rate would have increased finance costs for the year ended 31 December 2022 by SR 549,983 (2021: SR 362,049).

27 SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group directly or indirectly has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Any contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION (CONTINUED)

When necessary, adjustments are made to the consolidated financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

FOREIGN CURRENCIES

Transactions and balances

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

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

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Construction in progress and lands are not depreciated. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in profit or loss as incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings, and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Motor Vehicles 4 years
- Office equipment and furniture 4 years
- Tools and Medical tools 5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

LEASES

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

Group as a lessee

A- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over its estimated useful life.

B- Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

C- Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Company's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the statement of profit or loss.

Group as a lessor

Leases where the Group does not substantially transfer all risks and rewards of ownership are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue once they are earned.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such reversal is recognised in the statement of profit or loss.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL ASSETS (CONTINUED)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortised cost

After initial measurement, financial assets at amortised cost are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

STATUTORY RESERVE

As required by the Company's bylaws, the Group transfers 10% of its profit for the year to the statutory reserve until the reserve equals 30% of capital. The reserve is not available for distribution as dividends.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROVISIONS (CONTINUED)

General (Continued)

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

EMPLOYEE TERMINATION BENEFITS

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR Amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15. The Group recognizes revenue when it transfers control over a product or services to a customer according to the value that reflects the consideration to which the Group expects to be entitled in exchange for this transfer.

Performance obligations

The Group generates revenue mainly from selling products.

Type of products or services	Nature and timing of satisfaction of performance obligations
Sales of products	The performance obligation in products sales contracts is to supply the product to the customer according to the contractual terms. The performance obligation is satisfied at a point in time when the goods are delivered.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

27 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade payables and other credit balances

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

EXPENSES

Expenses related to operations are allocated on a consistent basis to cost of sales, selling and marketing expenses and general and administration expenses in accordance with consistent allocation factors determined as appropriate by the Group.

ZAKAT AND TAX

Zakat

The Group provide for zakat in accordance with the regulations of the Zakat, Tax and Customs (ZATCA). The provision is charged to the statement of profit or loss.

Uncertain zakat positions

Differences that may arise at the finalization of an assessment are accounted for when the assessment is finalized with ZATCA.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

28 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Consolidated financial statements are disclosed below. The Group intends to adopt these standards when they become effective. The following new and amended standards are not expected to have a significant impact on the Group's Consolidated financial statements:

- Deferred Tax related to Assets and Liabilities arising from a single transaction (amendments to IAS 12).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1 "Presentation of Financial Statements").
- IFRS 17 "Insurance Contracts" and amendments related.
- Disclosure of Accounting Policies (Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Exercise judgments about materiality")
- Definition of Accounting Estimates (Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors").

29 SUBSEQUENT EVENTS

Subsequent to the reporting date, the Capital Market Authority "CMA" has issued its resolution dated 5 Ramadan 1444H corresponding to 27 March 2023 approving the Company's application for the registration and offering of 1,050,000 shares representing %30 of the Company's share capital in the Parallel Market.

30 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue by the Company's board of directors on 23 Shawwal 1444H corresponding to 13 May 2023.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 2022

**PROFESSIONAL MEDICAL EXPERTISE COMPANY
(A Saudi Closed Joint Stock Company)**
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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BAKER TILLY MKM & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Suite 310, Al Diwan Building,
3810 King Faisal Road, Yarmok,
Khobar 34422 - 7063
Kingdom of Saudi Arabia.

Tel: +966 13 830 0906
Fax: +966 13 834 7582

**INDEPENDENT AUDITOR'S REVIEW REPORT
ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

To the shareholders
Professional Medical Expertise Company
(A Saudi Closed Joint Stock Company)
Dhahran, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Professional Medical Expertise Company (the "Company"), a closed joint stock company, and its subsidiary (the "Group") as at 30 September 2022, and the related the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

Baker Tilly MKM & Co.
Certified Public Accountants


Bader Hatim Al Tamimi
CPA, license no. 489
Al-Khobar on 18 Rajab 1444
Corresponding to 9 February 2023



PROFESSIONAL MEDICAL EXPERTISE COMPANY

(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	Note	30 September 2022 SR	31 December 2021 SR
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,968,022	5,502,686
Right of use assets	5	3,575,128	873,830
		<u>10,543,150</u>	<u>6,376,516</u>
Current assets			
Inventories	6	68,294,945	48,250,335
Trade receivables	7	96,354,353	87,610,228
Prepayments and other receivables		6,346,608	5,056,898
Cash and cash equivalents		18,227,214	17,804,332
		<u>189,223,120</u>	<u>158,721,793</u>
TOTAL ASSETS		<u><u>199,766,270</u></u>	<u><u>165,098,309</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	35,000,000	500,000
Additional capital	8	1,080,225	-
Statutory reserve		150,000	150,000
Retained earnings		25,037,220	39,105,240
Total equity		<u>61,267,445</u>	<u>39,755,240</u>
Liabilities			
Non-current liabilities			
Lease liabilities	5	2,422,981	295,418
Employee termination benefits		6,242,593	5,585,204
		<u>8,665,574</u>	<u>5,880,622</u>
Current Liabilities			
Trade Payables and other credit balances	10	60,202,834	53,398,661
Short term borrowings	11	66,472,117	36,802,950
Current portion of lease liabilities	5	1,866,412	782,874
Due to shareholders	14	-	27,286,615
Zakat payable	12	1,291,888	1,191,347
		<u>129,833,251</u>	<u>119,462,447</u>
Total liabilities		<u>138,498,825</u>	<u>125,343,069</u>
TOTAL EQUITY AND LIABILITIES		<u><u>199,766,270</u></u>	<u><u>165,098,309</u></u>

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

PROFESSIONAL MEDICAL EXPERTISE COMPANY

(A Saudi Closed Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

	Note	For the nine-month period ended 30 September	
		2022 SR	2021 SR
Revenue from contracts with customers	13	117,600,758	81,134,993
Cost of sales		(64,527,018)	(39,315,087)
Gross profit		53,073,740	41,819,906
Selling and marketing expenses		(21,981,203)	(15,751,629)
General and administrative expenses		(16,467,777)	(13,193,002)
Expected credit losses	7	(2,406,105)	(330,728)
Operating profit		12,218,655	12,544,547
Finance costs		(3,404,620)	(2,416,641)
Other loss		(376,780)	(39,841)
Net profit before zakat		8,437,255	10,088,065
Zakat	12	(1,291,888)	(893,510)
Profit for the period		7,145,367	9,194,555
Other comprehensive income (OCI)		-	-
Total comprehensive income		7,145,367	9,194,555
Earnings per share:			
Basic and dilutive earnings per share:		3.96	11.92
Average number of shares outstanding	15	1,804,619	771,339

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

PROFESSIONAL MEDICAL EXPERTISE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	<i>Note</i>	<i>Capital</i>	<i>Additional capital</i>	<i>Statutory reserve</i>	<i>Retained Earnings</i>	<i>Total Equity</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
For the nine-month period ended 30 September 2022:						
As at 1 January 2022		500,000	-	150,000	39,105,240	39,755,240
Profit for the period		-	-	-	7,145,367	7,145,367
Other comprehensive profit		-	-	-	-	-
Total comprehensive income		-	-	-	7,145,367	7,145,367
Capital increase	8	34,500,000	-	-	(7,213,387)	27,286,613
Movement during the period	8	-	1,080,225	-	-	1,080,225
Dividends	9	-	-	-	(14,000,000)	(14,000,000)
As at 30 September 2022		35,000,000	1,080,225	150,000	25,037,220	61,267,445
For the nine-month period ended 30 September 2021:						
As at 1 January 2021		130,000	-	50,000	23,710,949	23,890,949
Profit for the period		-	-	-	9,194,555	9,194,555
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	9,194,555	9,194,555
As at 30 September 2021		130,000	-	50,000	32,905,504	33,085,504

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

PROFESSIONAL MEDICAL EXPERTISE COMPANY
(A Saudi Closed Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

	For the nine-month period ended 30 September	
	2022	2021
	SR	SR
OPERATING ACTIVITIES		
Profit for the period	7,145,367	9,194,555
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	1,460,561	1,263,386
Depreciation of right of use assets	755,356	431,697
Loss on disposal of property, plant and equipment	109,478	-
Employee termination benefits incurred	922,100	557,523
Zakat charges	1,291,888	893,510
Finance cost	3,404,620	2,416,641
	<u>15,089,370</u>	<u>14,757,312</u>
Changes in working capital:		
Inventories	(20,044,610)	(14,170,070)
Trade receivables	(8,744,125)	(21,082,248)
Prepayments and other receivables	(1,289,710)	6,995,099
Trade payables and other credit balances	8,804,173	14,859,798
Due to shareholders	-	(6,000,000)
	<u>(6,184,902)</u>	<u>(4,640,109)</u>
Employee benefits paid	(264,711)	(633,233)
Zakat paid	(1,191,347)	(707,574)
Net cash flows used in operating activities	<u>(7,640,960)</u>	<u>(5,980,916)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,035,375)	(1,617,825)
Net cash flows used in investing activities	<u>(3,035,375)</u>	<u>(1,617,825)</u>
FINANCING ACTIVITIES		
Change in short-term borrowings	29,669,167	8,707,904
Dividends paid	(16,000,000)	(2,900,000)
Finance costs paid	(3,333,556)	(2,384,851)
Lease liabilities paid	(316,617)	(316,617)
Movement on additional capital	1,080,223	-
Net cash flows generated from financing activities	<u>11,099,217</u>	<u>3,106,436</u>
Net change in cash and cash equivalents	<u>422,882</u>	<u>(4,492,305)</u>
Cash and cash equivalents at the beginning of the period	<u>17,804,332</u>	<u>5,376,080</u>
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	<u>18,227,214</u>	<u>883,775</u>
Non Cash Transaction		
Capital increase from amounts due to related parties	<u>27,286,613</u>	-
Capital increase from retained earnings	<u>7,213,387</u>	-
Addition to right of use assets	<u>3,456,654</u>	<u>431,697</u>

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

PROFESSIONAL MEDICAL EXPERTISE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

1 GENERAL INFORMATION

Professional Medical Expertise Company (the “Company”) is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration number 2052001627 dated 14 sha’ban 1431H (corresponding to 6 August 2010).

The Company is engaged in the retail sale of medical equipment, tools and supplies, medical Devices warehouse activities, legal representation of medical products and devices' manufacturers, agents involved in the sale of medicines and drug warehouse activities

The Company’s registered office is in Dhahran city, Saudi Arabia.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiary (hereinafter referred to as the "Group") as follows:

Subsidiary name	Place of business	Effective percentage		Main activities
		Sep-22	Dec-21	
Promedex Medical Equipment Trading L.L.C	United Arab Emirates	100%	100%	Medical, surgical, equipment and instruments trading

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) “Interim Financial Reporting” as endorsed in the Kingdom of Saudi Arabia.

The accounting policies and calculation methods applied in preparing the interim condensed consolidated financial statements for the period ended 30 September 2022 are consistent with those followed in preparing the consolidated financial statements of the Group for the year ended 31 December 2021. The interim condensed consolidated financial statements do not include all the information required in the annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements as at 31 December 2021.

The interim condensed consolidated financial statements have been prepared on a historical cost basis. The interim condensed consolidated financial statements are presented in Saudi Riyals which is the functional currency of the Company and all values are rounded to the nearest Saudi Riyal (SR), except when otherwise indicated.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Although judgements and estimates are based on management's best estimates, actual results might vary from these estimates. Estimates and assumptions are reviewed continuously.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty including the risk management policies were the same as those that were applied to the annual consolidated financial statements as at 31 December 2021.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

4 PROPERTY, PLANT AND EQUIPMENT

	<i>Motor Vehicles</i>	<i>Office equipment and furniture</i>	<i>Tools and Medical tools</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Cost:				
At 1 January 2021	429,859	1,093,408	10,538,778	12,062,045
Additions during the year	155,710	405,711	2,778,724	3,340,145
Disposals during the year	-	(7,008)	(129,774)	(136,782)
At 31 December 2021	585,569	1,492,111	13,187,728	15,265,408
Additions during the period	180,844	109,514	2,745,017	3,035,375
Disposals during the period	-	(4,458)	(127,648)	(132,106)
At 30 September 2022	766,413	1,597,167	15,805,097	18,168,677
Accumulated depreciation:				
At 1 January 2021	328,513	717,416	7,003,270	8,049,199
Charge for the year	71,017	212,306	1,509,746	1,793,069
Disposals during the year	-	(6,755)	(72,791)	(79,546)
At 31 December 2021	399,530	922,967	8,440,225	9,762,722
Charge for the period	89,529	176,416	1,194,616	1,460,561
Disposals during the period	-	(3,911)	(18,717)	(22,628)
At 30 September 2022	489,059	1,095,472	9,616,124	11,200,655
Net book values:				
At 30 September 2022	277,354	501,695	6,188,973	6,968,022
At 31 December 2021	186,039	569,144	4,747,503	5,502,686

5 LEASES

5.1 RIGHT OF USE ASSETS

	<i>Offices</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>
Cost:		
At 1 January 2021	899,403	899,403
Additions during the year	853,245	853,245
At 31 December 2021	1,752,648	1,752,648
Additions during the period	3,456,654	3,456,654
At 30 September 2022	5,209,302	5,209,302
Accumulated Amortization:		
At 1 January 2021	299,802	299,802
Charge for the year	579,016	579,016
At 31 December 2021	878,818	878,818
Charge for the period	755,356	755,356
At 30 September 2022	1,634,174	1,634,174
Net book values:		
At 30 September 2022	3,575,128	3,575,128
At 31 December 2021	873,830	873,830

- The Company leases its office. The lease term is from 3-5 years

PROFESSIONAL MEDICAL EXPERTISE COMPANY
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

5 LEASES (CONTINUED)

5.2 LEASE LIABILITIES

	<i>For the nine-month period ended 30 September 2022</i>	<i>For the year ended 31 December 2021</i>
	<i>SR</i>	<i>SR</i>
The movement of lease liabilities as follows:		
Balance at the beginning of the period / year	1,078,292	650,171
Additions during the period / year	3,456,654	853,245
Interest due during the period / year	71,064	40,750
Paid during the period / year	<u>(316,617)</u>	<u>(465,874)</u>
Balance at the end of the period / year	4,289,393	1,078,292
Less: current portion of lease liabilities	<u>(1,866,412)</u>	<u>(782,874)</u>
Non-current portion of lease liabilities	<u>2,422,981</u>	<u>295,418</u>

The additions to lease liabilities during the period ended 30 September 2022 have been discounted using the Group's incremental borrowing rate.

6 INVENTORIES

	<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>SR</i>	<i>SR</i>
Orthopedic surgery items	29,099,539	25,368,702
General surgery items	22,985,392	13,984,289
Other medical supplies	<u>16,210,014</u>	<u>8,897,344</u>
	<u>68,294,945</u>	<u>48,250,335</u>

During the period, SR 3,098,411 (2021: SR 227,655) was recognized as an expense to write down cost of inventory to net realizable value. This is recognized in cost of sales.

7 TRADE RECEIVABLES

	<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>SR</i>	<i>SR</i>
Accounts receivable - public sectors	69,804,815	65,903,602
Accounts receivable - private sector	<u>30,166,862</u>	<u>22,917,845</u>
	99,971,677	88,821,447
Less: allowance for expected credit losses	<u>(3,617,324)</u>	<u>(1,211,219)</u>
	<u>96,354,353</u>	<u>87,610,228</u>

PROFESSIONAL MEDICAL EXPERTISE COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022

7 TRADE RECEIVABLES (CONTINUED)

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

	<i>For the nine- month period ended 30 September 2022</i>	<i>For the year ended 31 December 2021</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the period / year	1,211,219	770,248
Additions during the period / year	2,406,105	440,971
Balance at the end of the period / year	<u>3,617,324</u>	<u>1,211,219</u>

8 SHARE CAPITAL

On 19 June 2022, the shareholders general assembly decided to increase the capital of the Company from SR 500,000 to SR 35,000,000 by transferring SR 27,286,613 from due to shareholders and SR 7,213,387 from retained earnings.

The share capital of the Company as at 30 September 2022 comprised 3,500,000 shares (31 December 2021: 50,000 shares) stated at SR 10 per share (31 December 2021: SR 10 per share).

On 7 September 2022, the shareholders general assembly decided to transfer SR 1,080,225 from due to shareholders to additional capital. Additional capital represents additional investments by shareholders. This is non-interest bearing and does not have maturity date.

9 DIVIDENDS

During the nine month period ending 30 September 2022, the shareholders declared dividend of SR 14,000,000 (31 December 2021: approved a dividend of SR 4,000,000).

10 TRADE PAYABLES AND OTHER CREDIT BALANCES

	<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>SR</i>	<i>SR</i>
Accounts payable	52,073,517	41,461,241
Accrued expenses	7,786,406	5,159,340
Advance from customers	342,911	4,778,080
Dividends payable	-	2,000,000
	<u>60,202,834</u>	<u>53,398,661</u>

11 SHORT TERM BORROWINGS

Short- term borrowings comprise the following:

	<i>30 September 2022</i>	<i>31 December 2021</i>
	<i>SR</i>	<i>SR</i>
Short-term bank loans	66,472,117	39,802,950
Less: Pledge of time deposit	-	(3,000,000)
	<u>66,472,117</u>	<u>36,802,950</u>

PROFESSIONAL MEDICAL EXPERTISE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

11 SHORT TERM BORROWINGS (CONTINUED)

The short-term loans represent Islamic Murabaha facility agreements obtained by the Company from local banks to finance local and foreign purchases and open credits, with an average of SIBOR plus an agreed fixed margins to be repaid within a year. The loans are guaranteed by corporate guarantees and personal guarantees from shareholders to secure these loans. According to the facilities agreements the Company should maintain certain financial covenants such as current ratio, financial leverage and other covenants.

12 ZAKAT

Basis for Zakat:

The Company is subject to zakat. Zakat is payable at 2.5% of the greater of the approximate zakat base and adjusted profit. The significant components of the zakat base under zakat regulation principally comprise equity, provisions at the beginning of year and adjusted net income, less a deduction for the net book value of long-term assets. The subsidiary is not subject to zakat or income tax.

The movement in the zakat payable is as follows:

	<i>For the nine-month period ended 30 September 2022</i>	<i>For the year ended 31 December 2021</i>
	<i>SR</i>	<i>SR</i>
Balance at the beginning of the period / year	1,191,347	707,574
Charge for the period / year	1,291,888	1,191,347
Paid	<u>(1,191,347)</u>	<u>(707,574)</u>
Balance at the end of the period / year	<u>1,291,888</u>	<u>1,191,347</u>

Status of certificates and assessments:

The Company received final assessments from the Zakat, Tax and Customs Authority ("ZATCA") until 2019, and the Company settled additional amounts claimed by ZATCA. The Company submitted its Zakat returns up to 2021 and received certificates for those years.

13 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's revenue mainly is sale of medical devices, equipment and supplies. Revenue is recognized at a certain point in time upon the delivery of goods to customers.

Disaggregated revenue information by the type of customers:

	<i>For the nine-month period ended 30 September 2022</i>	<i>30 September 2021</i>
	<i>SR</i>	<i>SR</i>
Sales to the public sector	73,574,569	48,871,341
Sales to the private sector	<u>44,026,189</u>	<u>32,263,652</u>
Total revenue from contracts with customers	<u>117,600,758</u>	<u>81,134,993</u>

PROFESSIONAL MEDICAL EXPERTISE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

14 RELATED PARTY DISCLOSURES

The following table provides the amounts due to shareholders as of:

<u>Name</u>	<i>30 September</i>	<i>31 December</i>
	<i>2022</i>	<i>2021</i>
	SR	SR
Second Health Care Trading Company	-	18,887,012
Al-Omran Holding Company	-	8,399,603
	<u>-</u>	<u>27,286,615</u>

Compensation of key management personnel of the Company

	<i>For the nine-month period ended</i>	
	<i>2022</i>	<i>2021</i>
	SR	SR
Short term employee benefits	2,150,589	2,964,014
Termination benefits	179,216	145,187
Total compensation of key management personnel	<u>2,329,805</u>	<u>3,109,201</u>

15 EARNINGS PER SHARE

The basic and diluted earnings per share from net profit is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The number of outstanding shares during the nine-month period ending on September 30, 2021 has been retrospectively adjusted to reflect the effect of the increase in the capital transferred from the retained earnings account as in Note 8.

The increase in the number of outstanding shares as a result of the capital increase through transfer of the amount due to shareholders was reflected as of the date of capital increase as in Note 8.

There was no dilutive component affecting the weighted average number of ordinary shares.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's financial assets consist of cash and cash equivalents and trade receivables. Its financial liabilities consist of trade payables, due to shareholders, and short term borrowings. The fair values of financial instruments are not materially different from their book values. As at 30 September 2022, the Group did not hold any financial instruments measured at fair value.

17 SEGMENT REPORTING

Operating segments:

The Group has one operating segment which is sale of medical equipment and supplies.

Geographical segments:

The Group operates in the Kingdom of Saudi Arabia (KSA) and United Arab of Emirates (UAE). The following is a summary of some financial information according to geographical areas.

PROFESSIONAL MEDICAL EXPERTISE COMPANY

(A Saudi Closed Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**

17 SEGMENT REPORTING (CONTINUED)

Geographical segments: (CONTINUED)

	<u>KSA</u>	<u>UAE</u>	<u>Total</u>
	<u>SR</u>	<u>SR</u>	<u>SR</u>
<i>For the nine-month period ended 30 September 2022:</i>			
Revenue from contracts with customers	<u>108,026,067</u>	<u>9,574,691</u>	<u>117,600,758</u>
Profit /(loss) for the period	<u>7,980,713</u>	<u>(835,346)</u>	<u>7,145,367</u>
<i>As at 30 September 2022:</i>			
Property, plant and equipment	<u>5,260,663</u>	<u>1,707,359</u>	<u>6,968,022</u>
<i>For the nine-month period ended 30 September 2021:</i>			
Revenue from contracts with customers	<u>78,124,838</u>	<u>3,010,155</u>	<u>81,134,993</u>
Profit /(loss) for the period	<u>10,457,258</u>	<u>(1,262,703)</u>	<u>9,194,555</u>
<i>As at 31 December 2021:</i>			
Property, plant and equipment	<u>4,313,883</u>	<u>1,188,803</u>	<u>5,502,686</u>

18 DATE OF AUTHORISATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were authorized for issue by the Company's board of directors on 18 Rajab 1444H corresponding to 9 February 2023.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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BAKER TILLY MKM & CO.
CERTIFIED PUBLIC ACCOUNTANTS
P.O.Box 300467, Riyadh 11372
Kingdom of Saudi Arabia
T: +966 11 835 1600
F: +966 11 835 1601

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF
PROFESSIONAL MEDICAL EXPERTISE COMPANY
(A Saudi Closed Joint Stock Company)
Dhahran, Kingdom of Saudi Arabia**

Opinion

We have audited the consolidated financial statements of Professional Medical Expertise Company (the "Company") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of matter: Change in reporting framework

We draw attention to Note 4 to the consolidated financial statements which describes the effect of the change in reporting framework from the International Financial Reporting Standard for Small and Medium-Sized Entities as endorsed in Saudi Arabia to the International Financial Reporting Standards as endorsed in Saudi Arabia. Our opinion is not modified in respect of this matter.

Other Matter in Respect of Comparative Figures

The Group's consolidated financial statements as at 31 December 2020 and for the year then ended, except for the restatement mentioned in note 4 to the consolidated financial statements, have been audited by another auditor who issued a unmodified opinion on 14 Safar 1443H corresponding to 21 September 2021.

As part of our audit of the consolidated financial statements as at 31 December 2021 and for the year then ended, we have audited the restatements described in note 4 that were applied to restate comparative information at 31 December 2020 and for the year then ended. We did not participate in the review, audit, or application of any procedures to the consolidated financial statements for the year ended 31 December 2020, except for the restatements described in note 4 to the consolidated financial statements. Accordingly, we do not express an opinion or any other form of assurance on the said consolidated financial statements as a whole. However, in our opinion, the restatements described in note 4 are appropriate and have been properly applied.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE SHAREHOLDERS OF
PROFESSIONAL MEDICAL EXPERTISE COMPANY**
(A Saudi Closed Joint Stock Company)
Dhahran, Kingdom of Saudi Arabia

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

**TO THE SHAREHOLDERS OF
PROFESSIONAL MEDICAL EXPERTISE COMPANY**

(A Saudi Closed Joint Stock Company)

Dhahran, Kingdom of Saudi Arabia

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly MKM & Co.
Certified Public Accountants

Ayad Obeyan Al Seraihi
Certified Public Accountant
License No. 405
Jeddah on 22 Dhu al-Qa'dah 1443
Corresponding to 21 June 2022



PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31 December 2021 <i>SR</i>	31 December 2020 <i>SR</i> <i>Restated</i> <i>(note 4)</i>	1 January 2020 <i>SR</i> <i>Restated</i> <i>(note 4)</i>
ASSETS				
Non-current assets				
Property, plant and equipment	5	5,502,686	4,012,846	3,984,988
Right of use assets	6	873,830	599,601	-
		<u>6,376,516</u>	<u>4,612,447</u>	<u>3,984,988</u>
Current assets				
Inventories	7	48,250,335	34,864,761	24,081,363
Trade receivables	8	87,610,228	54,931,809	62,406,091
Prepayments and other receivables	9	5,056,898	15,193,828	3,728,050
Cash and cash equivalents	10	17,804,332	5,376,080	3,581,412
		<u>158,721,793</u>	<u>110,366,478</u>	<u>93,796,916</u>
TOTAL ASSETS		<u>165,098,309</u>	<u>114,978,925</u>	<u>97,781,904</u>
EQUITY AND LIABILITIES				
Equity				
Capital	11	500,000	130,000	100,000
Statutory reserve		150,000	50,000	50,000
Retained earnings		39,105,240	23,710,949	32,254,606
Total equity		<u>39,755,240</u>	<u>23,890,949</u>	<u>32,404,606</u>
Liabilities				
Non-current liabilities				
Lease liabilities	6	295,418	331,460	-
Employee termination benefits	15	5,585,204	3,677,168	3,203,099
		<u>5,880,622</u>	<u>4,008,628</u>	<u>3,203,099</u>
Current liabilities				
Trade payables	16	53,398,661	23,593,465	26,391,347
Current portion of lease liabilities	6	782,874	318,711	-
Short term borrowings	14	36,802,950	36,173,557	25,517,959
Due to related parties	23	27,286,615	26,286,041	9,399,603
Zakat payable	17	1,191,347	707,574	865,290
		<u>119,462,447</u>	<u>87,079,348</u>	<u>62,174,199</u>
Total liabilities		<u>125,343,069</u>	<u>91,087,976</u>	<u>65,377,298</u>
TOTAL EQUITY AND LIABILITIES		<u>165,098,309</u>	<u>114,978,925</u>	<u>97,781,904</u>

The accompanying notes form an integral part of these consolidated financial statements

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	<u>2021</u> <i>SR</i>	<u>2020</u> <i>SR</i>
Revenue from contracts with customers	18	131,259,497	74,416,606
Cost of Sales		<u>(64,347,521)</u>	(34,617,599)
Gross profit		66,911,976	39,799,007
Selling and marketing expenses	19	(23,991,428)	(13,513,433)
General and administrative expenses	20	(18,025,858)	(14,138,436)
Allowance for expected credit losses	8	<u>(440,971)</u>	(500,224)
Operating profit		24,453,719	11,646,914
Finance costs	21	(2,652,963)	(1,413,315)
Other income / (Loss)		<u>9,757</u>	(229,920)
Profit before zakat		21,810,513	10,003,679
Zakat	17	<u>(1,191,347)</u>	(707,574)
PROFIT FOR THE YEAR		<u>20,619,166</u>	<u>9,296,105</u>
Other Comprehensive Income (OCI)			
<i>OCI that will not be reclassified to profit or loss in subsequent years:</i>			
Remeasurements of defined benefit liability	15	<u>(754,875)</u>	160,238
Net OCI that will not be reclassified to profit or loss in subsequent years		<u>(754,875)</u>	<u>160,238</u>
Total comprehensive income for the year		<u>19,864,291</u>	<u>9,456,343</u>

The accompanying notes form an integral part of these consolidated financial statements

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	<i>Note</i>	<i>Capital SR</i>	<i>Statutory reserve SR</i>	<i>Retained earnings SR</i>	<i>Total equity SR</i>
For the year ended 31 December 2021:					
As at 1 January 2021		130,000	50,000	23,710,949	23,890,949
Profit for the year		-	-	20,619,166	20,619,166
Other comprehensive loss		-	-	(754,875)	(754,875)
Total comprehensive income		-	-	19,864,291	19,864,291
Transfer to statutory reserve		-	100,000	(100,000)	-
Capital Increase	11	370,000	-	(370,000)	-
Dividends declared	12	-	-	(4,000,000)	(4,000,000)
As at 31 December 2021		<u>500,000</u>	<u>150,000</u>	<u>39,105,240</u>	<u>39,755,240</u>
For the year ended 31 December 2020:					
As at 1 January 2020		100,000	50,000	32,254,606	32,404,606
Profit for the year		-	-	9,296,105	9,296,105
Other comprehensive income		-	-	160,238	160,238
Total comprehensive income		-	-	9,456,343	9,456,343
Capital Increase		30,000	-	-	30,000
Dividends declared	12	-	-	(18,000,000)	(18,000,000)
As at 31 December 2020		<u>130,000</u>	<u>50,000</u>	<u>23,710,949</u>	<u>23,890,949</u>

The accompanying notes form an integral part of these consolidated financial statements

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		<u>SR</u>	<u>SR</u>
OPERATING ACTIVITIES			
Profit for the year		20,619,166	9,296,105
Adjustments for non-cash items:			
Depreciation		1,793,069	1,617,635
Amortisation of right of use assets		579,016	299,802
Loss on disposal of property, plant and equipment		57,236	421,193
Allowance for expected credit loss		440,971	500,224
Employee termination benefits incurred		1,266,384	729,197
Zakat charge		1,191,347	707,574
Finance cost		2,652,963	1,413,315
		<u>28,600,152</u>	<u>14,985,045</u>
Changes in working capital:			
Trade receivables		(33,119,390)	7,813,375
Inventories		(13,385,574)	(10,438,534)
Prepayments and other current assets		10,136,930	(11,008,675)
Trade payables		28,705,196	(3,771,941)
Due to related parties		1,000,574	15,476,427
		<u>21,937,888</u>	<u>13,055,697</u>
Employee benefits paid		(202,806)	(196,149)
Zakat paid		(707,574)	(865,290)
		<u>(910,380)</u>	<u>(1,061,439)</u>
Net cash flows generated from operating activities		<u>21,027,508</u>	<u>11,994,258</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,340,145)	(2,059,373)
Acquisition of a subsidiary		-	(234,660)
		<u>(3,340,145)</u>	<u>(2,294,033)</u>
Net cash flows used in investing activities		<u>(3,340,145)</u>	<u>(2,294,033)</u>
FINANCING ACTIVITIES			
Change in short term loans		629,393	10,655,598
Increase of share capital		-	30,000
Dividends paid		(2,900,000)	(17,100,000)
Finance costs paid		(2,522,630)	(1,283,458)
Lease Liabilities paid		(465,874)	(277,830)
		<u>(5,259,111)</u>	<u>(7,975,690)</u>
Net cash flows used in financing activities		<u>(5,259,111)</u>	<u>(7,975,690)</u>
Net change in cash and cash equivalents		<u>12,428,252</u>	<u>1,724,535</u>
Cash and cash equivalents at the beginning of the year		5,376,080	3,581,412
Cash and cash equivalents of the acquired subsidiary		-	70,133
		<u>-</u>	<u>70,133</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>17,804,332</u>	<u>5,376,080</u>
Non Cash Transaction			
Increase of share capital from Retained earnings		370,000	-
Addition to Right of use assets		853,245	899,403
Dividends declared but not paid		1,100,000	900,000

The accompanying notes form an integral part of these consolidated financial statements

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 COMPANY INFORMATION

Professional Medical Expertise Company (the “Company”) is a Closed Joint Stock Company formed under the Regulation for Companies in the Kingdom of Saudi Arabia under Commercial Registration number 2052001627 dated 14 sha’ban 1431H (corresponding to 6 August 2010).

The Company is engaged in the management of hospitals, medical centers, pharmacies, wholesale trade in medical devices and equipment, import and export, hospital supplies, management of institutes, training centers and health centers, and an authorized distributor for global producers for medical devices and equipment.

The Company’s registered office is in Dhahran, Saudi Arabia.

These consolidated financial statements include the assets, liabilities, and activities of the Company and its following branches:

CR number	Location	Dated
4030251913	Jeddah	29/8/1434H
2050106678	Dammam	28/11/1436H
1010613828	Riyadh	3/4/1439H
2051225780	Khobar	23/8/1440H

During the year 2021, the shareholders decided to convert the Company from a limited Liability Company to a closed joint stock company. The Company obtained ministerial approval for the conversion on 24 Jumada Al-Awwal 1443 H, corresponding to 28 December 2021.

The Company’s by-laws stipulate that the Company’s first fiscal year starts from the date of ministerial approval to convert the Company from A Saudi Closed Joint Stock Company to a closed joint stock Company i.e. 28 December 2021 until 31 December of the following year. The Company’s management believes that the period from 28 December 2021 to 31 December 2021 did not represent any important activities in terms of quality, quantity or relative importance, according to the nature of the Company’s activities, and accordingly it was included with the business of the limited liability company, and since the change in the legal form of the Company did not lead to any new accounting entity, these financial statements have been prepared for a full year from 1 January 2021 to 31 December 2021, to close the Company’s accounts as A Saudi Closed Joint Stock Company and to better reflect the Company’s operations on a consistent and comparable basis.

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2021 (the Company and its subsidiary are hereinafter referred to as the “Group”).

Subsidiary name	Place of business	Effective percentage		Main activities
		2021	2020	
Promedex Medical Equipments Trading L.L.C	United Arab Emirates	100%	100%	Medical, surgical, equipment and instruments trading

PROFESSIONAL MEDICAL EXPERTISE COMPANY

A Saudi Closed Joint Stock Company

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

1 COMPANY INFORMATION (CONTINUED)

- Acquisition of Promedex Medical Equipments Trading L.L.C:

During 2020, the Company's management acquired Promedex Medical Equipments Trading L.L.C (the "Subsidiary") with its rights and obligations at its book value as of 1 January 2020. The financial position of the Subsidiary at that date was as follows:

Assets	(Saudi Riyal)
Property, plant and equipment	7,313
Inventory	344,864
Prepayments and other receivables	151,103
Due from related parties	306,000
Trade Receivables	839,317
Cash and cash equivalents	70,133
Total Assets	1,718,730
Liabilities	
Due to related parties	1,410,011
Accrued expenses and other payables	74,059
Total Liabilities	1,484,070
Net Assets	234,660

2 BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Chartered and Professional Accountants (IFRS). Details of the Group's significant accounting policies are disclosed in note 26.

For all periods up to and including the year ended 31 December 2020, the Group prepared its consolidated financial statements in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities as endorsed in the Kingdom of Saudi Arabia ("IFRS for SMEs"). These consolidated financial statements for the year ended 31 December 2021 are for the first year for which the Group prepares its consolidated financial statements in accordance with IFRS. Refer to note 4 for information on how the Group adopted IFRS.

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements are presented in Saudi Riyals which is also the functional currency of the Company and all values are rounded to the nearest Riyal (SR), except when otherwise indicated.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risk and uncertainties' includes:

- Financial instruments risk management Note 25
- Sensitivity Analysis Note 15

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Long-term assumptions of employees termination benefits

Employee termination benefits represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables like discount factor, salary increase rate, mortality rates and employees' turnover. The Group's management periodically takes advice from external actuarial experts on these assumptions. Changes in key assumptions could materially affect the provision for employees termination benefits.

Impairment of inventories

Inventories are stated at cost or net realizable value, which is lower. Once the inventories become old or obsolete, an estimate is made for their net realizable value. For each significant amount, an estimate is made individually for each amount. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance is provided based on the type, age or degree of obsolescence, based on expected selling prices.

Impairment of trade receivables

The Group uses a provision matrix to calculate Expected Credit Losses "ECLs" for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

3.1 Estimates and assumptions (continued)

The assessment of loss given default (LGD) and the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about ECLs on trade receivables is disclosed in Note 8.

4 FIRST-TIME ADOPTION OF IFRS AND RESTATEMENT OF COMPARATIVE FIGURES

4.1 RESTATEMENT OF COMPARATIVE FIGURES

During 2020, the Company's management has acquired Promedex Medical Equipments Trading L.L.C (the "Subsidiary") with its rights and obligations at its book value as of 1 January 2020. The comparative figures for the year ended 31 December 2020 were restated to reflect the consolidation of the Subsidiary:

The financial position of the subsidiary as at 31 December 2020:

Assets	(Saudi Riyal)
Property, plant and equipment	518,153
Inventory	2,378,898
Prepayments and other receivables	171,642
Due from related parties	306,000
Trade Receivables	843,250
Cash and cash equivalents	216,870
Total Assets	<u>4,434,813</u>
Liabilities	
Due to related parties	4,351,949
Accrued expenses and other payables	754,396
Total Liabilities	<u>5,106,345</u>
Net Assets	<u>(671,532)</u>

The results of the operations of the subsidiary for the year ended 31 December 2020:

	(Saudi Riyal)
Revenue	1,492,339
Cost of Sales	(745,434)
Gross profit	<u>746,905</u>
Selling and marketing expenses	(901,198)
General and administrative expenses	(560,884)
Allowance for expected credit losses	(161,658)
Operating (loss)	<u>(876,835)</u>
Finance costs	(536)
Other (losses)	(28,821)
LOSS FOR THE YEAR	<u>(906,192)</u>

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

4 FIRST-TIME ADOPTION OF IFRS AND RESTATEMENT OF COMPARATIVE FIGURES (CONTINUED)

4.2 FIRST-TIME ADOPTION OF IFRS

These financial statements, for the year ended 31 December 2021, are for the first year for which the Group prepares its consolidated financial statements in accordance with IFRS as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by the Saudi Organization for Chartered and Professional Accountants (SOCPA). For the periods which include the year ended 31 December 2019 and 31 December 2020, the Company prepared its financial statements in accordance with IFRS for SMEs as adopted in the Kingdom of Saudi Arabia and other standards and pronouncements adopted by SOCPA.

Accordingly, the Company has prepared financial statements that comply with IFRS as adopted in the Kingdom of Saudi Arabia applicable as at 31 December 2021, together with the comparative period data. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 January 2020, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its IFRS for SMEs financial statements, including the consolidated statement of financial position as at 1 January 2020 and 31 December 2020 and the consolidated statements of profit or loss and cash flows for the year ended 31 December 2020.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS.

The Company has utilized the following exemptions:

- The Company has applied the exemption for completed contracts under IFRS 1 First-Time Adoption of IFRS as adopted in the Kingdom of Saudi Arabia and accordingly and has not restated revenue for contracts completed before 1 January 2020.
- The Company has applied the transitional provision in IFRS 15 Revenue from Contracts with Customers and used the transaction price at the date a contract with variable consideration was completed rather than estimating variable consideration amounts in the comparative reporting periods.
- The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IFRS for SMEs.
 - (a) Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
 - (b) Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Estimates

The estimates at 1 January 2020 and at 31 December 2020 are consistent with those made for the same dates in accordance with IFRS for SMES.

PROFESSIONAL MEDICAL EXPERTISE COMPANY
A Saudi Closed Joint Stock Company
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

4 FIRST-TIME ADOPTION OF IFRS AND RESTATEMENT OF COMPARATIVE FIGURES (CONTINUED)

4.2 FIRST-TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of the Consolidated Statement of Financial Position as at 1 January 2020 (date of transition to IFRS):

	Before adjustment	Adjustment related to first- time adoption of IFRS	Adjustment related to the restatement	After adjustment
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
ASSETS				
Non-current assets				
Property, plant and equipment	3,984,988	-	-	3,984,988
	<u>3,984,988</u>	<u>-</u>	<u>-</u>	<u>3,984,988</u>
Current assets				
Inventory	24,081,363	-	-	24,081,363
Trade receivables	62,406,091	-	-	62,406,091
Prepayments and other receivables	3,728,050	-	-	3,728,050
Cash and cash equivalents	3,581,412	-	-	3,581,412
	<u>93,796,916</u>	<u>-</u>	<u>-</u>	<u>93,796,916</u>
TOTAL ASSETS	<u>97,781,904</u>	<u>-</u>	<u>-</u>	<u>97,781,904</u>
EQUITY AND LIABILITIES				
Equity				
Capital	100,000	-	-	100,000
Statutory Reserve	50,000	-	-	50,000
Retained earnings	32,254,606	-	-	32,254,606
Total equity	<u>32,404,606</u>	<u>-</u>	<u>-</u>	<u>32,404,606</u>
Liabilities				
Non-current liabilities				
Employee termination benefits	3,203,099	-	-	3,203,099
	<u>3,203,099</u>	<u>-</u>	<u>-</u>	<u>3,203,099</u>
Current liabilities				
Trade payables	26,391,347	-	-	26,391,347
Short term borrowings	25,517,959	-	-	25,517,959
Due to related Parties	9,399,603	-	-	9,399,603
Zakat and income tax payable	865,290	-	-	865,290
	<u>62,174,199</u>	<u>-</u>	<u>-</u>	<u>62,174,199</u>
Total liabilities	<u>65,377,298</u>	<u>-</u>	<u>-</u>	<u>65,377,298</u>
TOTAL EQUITY AND LIABILITIES	<u>97,781,904</u>	<u>-</u>	<u>-</u>	<u>97,781,904</u>

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4 FIRST-TIME ADOPTION OF IFRS AND RESTATEMENT OF COMPARATIVE FIGURES (CONTINUED)

4.2 FIRST-TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of equity as at 31 December 2020

	Before adjustment	Adjustment related to first- time adoption of IFRS	Adjustment related to the restatement	After adjustment
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
ASSETS				
Non-current assets				
Property, plant and equipment	3,494,693	-	518,153	4,012,846
Right of use assets	-	599,601	-	599,601
	<u>3,494,693</u>	<u>599,601</u>	<u>518,153</u>	<u>4,612,447</u>
Current assets				
Inventory	32,485,863	-	2,378,898	34,864,761
Trade receivables	54,427,125	(338,566)	843,250	54,931,809
Prepayments and other receivables	19,374,132	(71,337)	(4,108,967)	15,193,828
Cash and cash equivalents	5,159,210	-	216,870	5,376,080
	<u>111,446,330</u>	<u>(409,903)</u>	<u>(669,949)</u>	<u>110,366,478</u>
TOTAL ASSETS	<u>114,941,023</u>	<u>189,698</u>	<u>(151,796)</u>	<u>114,978,925</u>
EQUITY AND LIABILITIES				
Equity				
Capital	130,000	-	-	130,000
Statutory Reserve	50,000	-	-	50,000
Retained earnings	25,077,614	(460,473)	(906,192)	23,710,949
Total equity	<u>25,257,614</u>	<u>(460,473)</u>	<u>(906,192)</u>	<u>23,890,949</u>
Liabilities				
Non-current liabilities				
Lease liabilities	-	331,460	-	331,460
Employee termination benefits	3,677,168	-	-	3,677,168
	<u>3,677,168</u>	<u>331,460</u>	<u>-</u>	<u>4,008,628</u>
Current liabilities				
Current portion of lease liabilities	-	318,711	-	318,711
Trade payables	22,839,069	-	754,396	23,593,465
Short term borrowings	36,173,557	-	-	36,173,557
Due to related Parties	26,286,041	-	-	26,286,041
Zakat payable	707,574	-	-	707,574
	<u>86,006,241</u>	<u>318,711</u>	<u>754,396</u>	<u>87,079,348</u>
Total liabilities	<u>89,683,409</u>	<u>650,171</u>	<u>754,396</u>	<u>91,087,976</u>
TOTAL EQUITY AND LIABILITIES	<u>114,941,023</u>	<u>189,698</u>	<u>(151,796)</u>	<u>114,978,925</u>

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4 FIRST-TIME ADOPTION OF IFRS AND RESTATEMENT OF COMPARATIVE FIGURES (CONTINUED)

4.2 FIRST-TIME ADOPTION OF IFRS (CONTINUED)

Reconciliation of total comprehensive income for year ended 31 December 2020

	Before adjustment	Adjustment related to first- time adoption of IFRS	Adjustment related to the restatement	After adjustment
	SR	SR	SR	SR
Revenue	72,924,267	-	1,492,339	74,416,606
Cost of sales	<u>(35,236,503)</u>	1,364,338	<u>(745,434)</u>	(34,617,599)
Gross profit	37,687,764	1,364,338	746,905	39,799,007
Selling and marketing expenses	(12,612,245)	10	(901,198)	(13,513,433)
General and administrative expenses	(12,320,995)	(1,256,557)	(560,884)	(14,138,436)
Allowance for expected credit loss	-	<u>(338,566)</u>	<u>(161,658)</u>	(500,224)
Operating profit	12,754,524	(230,775)	(876,835)	11,646,914
Finance Cost	(1,384,180)	(28,599)	(536)	(1,413,315)
Other Income	-	<u>(201,099)</u>	<u>(28,821)</u>	(229,920)
Profit before zakat	11,370,344	(460,473)	(906,192)	10,003,679
Zakat	<u>(707,574)</u>	-	-	(707,574)
PROFIT FOR THE YEAR	<u>10,662,770</u>	<u>(460,473)</u>	<u>(906,192)</u>	9,296,105
Other Comprehensive Income (OCI)				
<i>OCI that will not be reclassified to profit or loss in subsequent years:</i>				
Remeasurements of defined benefit liability	160,238	-	-	160,238
Total comprehensive income for the year	<u>10,823,008</u>	<u>(460,473)</u>	<u>(906,192)</u>	9,456,343

Reconciliation of cash flows for the year ended 31 December 2021:

The transition to IFRS had no material impact on the consolidated statement of cash flow for the year ended 31 December 2021.

Notes to the reconciliation of equity as at 1 January 2020 and 31 December and total comprehensive income for the year ended 31 December 2020:

- (a) Previously, the Group classified property leases as operating leases under IFRS for SMEs. These include land and cars. The leases typically run for a period of 1 to 3 years. At transition, for leases classified as operating leases under IFRS for SMEs, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2020. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.
- (b) In accordance with IFRS for SMEs, the Group has recognized the allowance for impairment in trade receivables using the incurred loss method, whereby a decrease is recognized when incurred. As a result of the application of IFRS, the impairment provision is calculated using the expected credit loss method.
- (c) The Company has reclassified certain expenses to conform with IFRS.

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5	PROPERTY, PLANT AND EQUIPMENT	<i>Motor Vehicles</i>	<i>Office equipment and furniture</i>	<i>Tools and Medical tools</i>	<i>Total</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
	Cost:				
	At 1 January 2020	429,859	937,843	9,063,009	10,430,711
	Acquisition of subsidiary	-	7,313	-	7,313
	Additions	-	153,252	1,906,121	2,059,373
	Disposals	-	(5,000)	(430,352)	(435,352)
	At 31 December 2020	429,859	1,093,408	10,538,778	12,062,045
	Additions	155,710	405,711	2,778,724	3,340,145
	Disposals	-	(7,008)	(129,774)	(136,782)
	At 31 December 2021	585,569	1,492,111	13,187,728	15,265,408
	Accumulated depreciation:				
	At 1 January 2020	271,492	546,068	5,628,163	6,445,723
	Charge for the year	57,021	173,071	1,387,543	1,617,635
	Disposals	-	(1,723)	(12,436)	(14,159)
	At 31 December 2020	328,513	717,416	7,003,270	8,049,199
	Charge for the year	71,017	212,306	1,509,746	1,793,069
	Disposals	-	(6,755)	(72,791)	(79,546)
	At 31 December 2021	399,530	922,967	8,440,225	9,762,722
	Net book values:				
	At 31 December 2021	186,039	569,144	4,747,503	5,502,686
	At 31 December 2020	101,346	375,992	3,535,508	4,012,846

6 LEASES

6.1 RIGHT OF USE ASSETS

	<i>Offices</i>	<i>Total</i>
	<i>SR</i>	<i>SR</i>
Cost:		
At 1 January 2020	-	-
Additions	899,403	899,403
At 31 December 2020	899,403	899,403
Additions	853,245	853,245
At 31 December 2021	1,752,648	1,752,648
Accumulated Amortization:		
At 1 January 2020	-	-
Charge for the year	299,802	299,802
At 31 December 2020	299,802	299,802
Charge for the year	579,016	579,016
At 31 December 2021	878,818	878,818
Net book values:		
At 31 December 2021	873,830	873,830
At 31 December 2020	599,601	599,601

- The Company leases its office. The lease term is 3 years.

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6 LEASES (CONTINUED)

6.2 LEASE LIABILITIES

The movement of lease liabilities for the years ended 31 December were as follows:

	2021	2020
	<i>SR</i>	<i>SR</i>
1 January	650,171	-
Additions	853,245	899,403
Interest due	40,750	28,598
Paid	(465,874)	(277,830)
31 December	1,078,292	650,171
Less: current portion of finance lease liabilities	(782,874)	(318,711)
Non-current portion of finance lease liabilities	295,418	331,460

The additions to lease liabilities during the year ended 31 December 2021 have been discounted using the Group's incremental borrowing rate of 4% (2020: 4%). The information related to the maturity of lease liabilities is disclosed in note 25.

7 INVENTORIES

	31 December 2021	31 December 2020
	<i>SR</i>	<i>SR</i>
Orthopedic surgery items	26,368,702	23,149,300
General surgery items	13,984,289	6,037,688
Other medical supplies	8,897,344	6,177,773
	49,250,335	35,364,761
Less: allowance for slow-moving inventory	(1,000,000)	(500,000)
	48,250,335	34,864,761

The movement in the allowance for slow-moving inventory is as follows:

	2021	2020
	<i>SR</i>	<i>SR</i>
1 January	500,000	1,536,577
Additions	500,000	-
Write-offs	-	(1,036,577)
31 December	1,000,000	500,000

8 TRADE RECEIVABLES

	31 December 2021	31 December 2020
	<i>SR</i>	<i>SR</i>
Accounts receivable - government	53,062,785	41,781,484
Accounts receivable - private sector	35,758,662	13,920,573
	88,821,447	55,702,057
Less: allowance for expected credit losses	(1,211,219)	(770,248)
	87,610,228	54,931,809

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8 TRADE RECEIVABLES (CONTINUED)

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

	<u>2021</u>	<u>2020</u>
	<i>SR</i>	<i>SR</i>
1 January	770,248	270,024
Additions	<u>440,971</u>	500,224
31 December	<u><u>1,211,219</u></u>	<u><u>770,248</u></u>

An aged analysis of trade receivables as at 31 December is as follows:

	<u>Neither past due nor impaired</u>	<u>Past due but not impaired</u>				<u>Total</u>
		<u>< 180 days</u>	<u>181-365 days</u>	<u>366-720 days</u>	<u>> 730 days</u>	
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
2021	37,767,813	27,657,548	10,171,760	8,941,064	3,072,043	87,610,228
2020	24,004,965	14,844,073	9,205,116	6,802,199	75,456	54,931,809

9 PREPAYMENTS AND OTHER RECEIVABLES

	<u>31 December 2021</u>	<u>31 December 2020</u>
	<i>SR</i>	<i>SR</i>
Cash margin on LGs and LCs	2,245,269	13,478,616
Advances from suppliers	535,392	-
Prepaid expenses	247,229	831,394
Employee advances	396,519	219,558
Others	<u>1,632,489</u>	<u>664,260</u>
	<u><u>5,056,898</u></u>	<u><u>15,193,828</u></u>

10 CASH AND CASH EQUIVALENTS

	<u>31 December 2021</u>	<u>31 December 2020</u>
	<i>SR</i>	<i>SR</i>
Cash at banks	<u>17,804,332</u>	<u>5,376,080</u>
	<u><u>17,804,332</u></u>	<u><u>5,376,080</u></u>

11 CAPITAL

The capital of the Company as at 31 December 2021 comprised 50,000 shares (2020: 130 shares) stated at SR10 per share (2020: SR 1000 per share).

During the year, the shareholders increase the capital of the Company from SR 130,000 to SR 500,000 by transferring SR 370,000 from retained earnings. The capital as at 31 December 2021 is as follows:

Shareholder's name	<u>No. of Shares</u>	<u>Percentage%</u>	<u>Amount</u>
			<i>SR</i>
AlOmran Holding Company	25,000	50%	250,000
Second Health Care Trading Company	20,000	40%	200,000
Riyadh bin Abdullah bin Rashid Abu Nyan	5,000	10%	50,000
	<u>50,000</u>	<u>100%</u>	<u><u>500,000</u></u>

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11 CAPITAL (CONTINUED)

The capital as at 31 December 2020 is as follows:

Sharholder's name	<u>No. of Shares</u>	<u>Percentage%</u>	<u>Amount</u> <u>SR</u>
AlOmran Holding Company	65	50%	65,000
Second Health Care Trading Company	52	40%	52,000
Riyadh bin Abdullah bin Rashid Abu Nyan	13	10%	13,000
	<u>130</u>	<u>100%</u>	<u>130,000</u>

12 DIVIDENDS

During 2021, the shareholders approved a dividend of SR 4,000,000, and paid SR 2,900,000 (2020: approved a dividend of SR 18,000,000, and paid SR 17,100,000).

13 CAPITAL MANAGEMENT

For the purpose of capital management, capital includes capital, statutory reserve and all other equity reserves attributable to the shareholders of the Company. The primary objective of capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders increase capital or adjust its bank borrowings.

14 SHORT TERM BORROWINGS

Short- term borrowings comprise the following:

	<u>31 December</u> <u>2021</u> <u>SR</u>	<u>31 December</u> <u>2020</u> <u>SR</u>
Short-term bank loans	39,802,950	36,173,557
Less: Pledge of time deposit	(3,000,000)	-
	<u>36,802,950</u>	<u>36,173,557</u>

The short-term loans represent Islamic Murabaha facility agreements obtained by the Company from local banks to finance local and foreign purchases and open credits, with an average of SIBOR plus a margin of 3.0% to +4.5% to be repaid within a year. The Company also provided corporate guarantees and personnel guarantees by shareholders to secure these loans. In addition, pledge of time deposit for the amount of SAR 3,000,000.

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15 EMPLOYEE TERMINATION BENEFITS

The movement in employee termination benefits, a defined benefit plan, during the year is as follows:

	<u>2021</u>	<u>2020</u>
	<i>SR</i>	<i>SR</i>
1 January	3,677,168	3,203,099
Expense charged to profit or loss	1,355,967	830,456
Actuarial remeasurement charged to OCI	754,875	(160,238)
Paid	<u>(202,806)</u>	<u>(196,149)</u>
31 December	<u>5,585,204</u>	<u>3,677,168</u>

The expense charged to profit or loss comprise of:

	<u>2021</u>	<u>2020</u>
	<i>SR</i>	<i>SR</i>
Current service cost	1,266,384	729,197
Interest cost	89,583	101,259
Cost recognized in profit or loss	<u>1,355,967</u>	<u>830,456</u>

Significant actuarial assumptions

	<u>As at 31 December</u>	
	<u>2021</u>	<u>2020</u>
Discount factor used	2.50%	3.35%
Salary increase rate	7.00%	9.00%

Sensitivity analysis of key actuarial assumptions are as follows:

	<u>2021</u>	
	%	<i>SR</i>
Discount rate		
Increase	+ 1%	5,342,636
Decrease	- 1%	5,849,936
Salary growth rate		
Increase	+ 1%	5,809,680
Decrease	- 1%	5,374,548

16 TRADE PAYABLES

	<u>31 December</u>	31 December
	<u>2021</u>	<u>2020</u>
	<i>SR</i>	<i>SR</i>
Accounts payable	41,461,241	22,314,079
Accrued expenses	5,159,340	379,386
Advance from customers	4,778,080	-
Dividends payable	<u>2,000,000</u>	<u>900,000</u>
	<u>53,398,661</u>	<u>23,593,465</u>

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17 ZAKAT

Basis for Zakat:

The Company is subject to zakat. Zakat is payable at 2.5% of the greater of the approximate zakat base and adjusted profit. The significant components of the zakat base under zakat regulation principally comprise equity, provisions at the beginning of year and adjusted net income, less a deduction for the net book value of long-term assets.

The movement in the zakat payable is as follows:

	<u>2021</u>	<u>2020</u>
	<i>SR</i>	<i>SR</i>
1 January	707,574	865,290
Charge for the year	1,191,347	707,574
Paid	<u>(707,574)</u>	<u>(865,290)</u>
31 December	<u>1,191,347</u>	<u>707,574</u>

Status of certificates and assessments:

The Company received final assessments from the Zakat, Tax and Customs Authority ("ZATCA") until 2019, and the Company settled additional amounts claimed by ZATCA. The Company submitted its Zakat returns up to 2021 and received certificates for those years.

18 REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

	<u>2021</u>	<u>2020</u>
	<i>SR</i>	<i>SR</i>
Sales to the public sector	86,882,094	45,855,376
Sales to the private sector	44,377,403	28,561,230
Total revenue from contracts with customers	<u>131,259,497</u>	<u>74,416,606</u>

Revenue from contracts with customers represents sales of medical equipment and supplies to healthcare facilities. The performance obligation from these sales is satisfied upon delivery of the goods to the customer.

19 SELLING AND MARKETING EXPENSES

	<u>2021</u>	<u>2020</u>
	<i>SR</i>	<i>SR</i>
Employee benefits	14,217,501	10,825,146
Selling commissions	4,953,250	400,000
Depreciation	71,017	57,021
Other	4,749,660	2,231,266
	<u>23,991,428</u>	<u>13,513,433</u>

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20 GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2021</u>	<u>2020</u>
	<u>SR</u>	<u>SR</u>
Employee benefits	7,385,147	5,827,861
Government fees	1,819,698	1,513,914
Medical insurance	1,746,389	1,317,136
Depreciation	1,722,052	1,559,091
Travelling	1,219,050	851,702
Social insurance	1,006,652	743,593
Professional fees	791,485	411,900
Rent	706,925	641,709
Amortisation	579,016	299,801
Other	1,049,444	971,729
	<u>18,025,858</u>	<u>14,138,436</u>

21 FINANCE COSTS

	<u>2021</u>	<u>2020</u>
	<u>SR</u>	<u>SR</u>
Commission on Murabaha borrowings	2,522,630	1,283,458
Unwinding of discount on lease liabilities	40,750	28,598
Unwinding of discount on provision for employees termination benefits	89,583	101,259
	<u>2,652,963</u>	<u>1,413,315</u>

22 EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION

	<u>2021</u>	<u>2020</u>
	<u>SR</u>	<u>SR</u>
Profit for the year	20,619,166	9,296,105
Depreciation of property, plant and equipment	1,793,069	1,617,635
Amortisation of Right of use assets	579,016	299,802
Finance costs	2,652,963	1,413,315
Zakat	1,191,347	707,574
EBITDA	<u>26,835,561</u>	<u>13,334,431</u>

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23 RELATED PARTY DISCLOSURES

The following table provides the amounts due to shareholders as of 31 December:

Name	2021	2020
	SR	SR
Second Health Care Trading Company	18,887,012	16,886,438
AlOmran Holding Company	8,399,603	9,399,603
	27,286,615	26,286,041

Compensation of key management personnel:

	2021	2020
	SR	SR
Short term employee benefits	3,952,018	3,627,948
Long term employee benefits	1,227,166	897,785
Total compensation of key management personnel	5,179,184	4,525,733

24 COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

The Company is contingently liable for bank guarantees issued in the normal course of business amounting to SR 19.8 million as at 31 December 2021 (2020: SR 21.5 million).

25 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

25.1 Fair value measurements of financial instruments

As at 31 December 2021 and 2020, the Group did not have any financial instruments measured at fair value.

25.2 Risk Management of Financial Instruments

The Group's activities expose it to a variety of financial risks, credit risk, liquidity risk and market price risk.

Credit Risk:

Credit risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's is exposed to credit risk on its contract assets, trade receivables and bank balances as follows.

	31 December 2021	31 December 2020
	SR	SR
Trade receivables	87,610,228	54,931,809
Bank balances	17,804,332	5,376,080
	105,414,560	60,307,889

The carrying amount of financial assets represents the maximum credit exposure.

The Group seeks to limit its credit risk with respect to trade receivables by setting credit limits for individual customers and by monitoring outstanding balances on an ongoing basis. The receivable balances are monitored with the result that the Groups exposure to bad debts is not significant. The five largest customers account approximately for 54% of outstanding trade receivables at 31 December 2021 (2020: 58%).

Bank balances are held with banks with sound credit ratings.

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25 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

25.2 Risk Management of Financial Instruments (CONTINUED)

Liquidity Risk:

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Following are the contractual maturities at the end of the reporting period of financial liabilities.

	31 December 2021			
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	SR	SR	SR	SR
Financial Liabilities				
Trade payables	53,398,661	53,398,661	-	-
Short term borrowings	36,802,950	36,802,950	-	-
Due to related parties	27,286,615	27,286,615	-	-
Zakat payable	1,191,347	1,191,347	-	-
Lease liabilities	1,078,292	782,874	295,418	-
	119,757,865	119,462,447	295,418	-
	31 December 2020			
	Carrying amount	Less than 1 year	1 year to 5 years	More than 5 years
	SR	SR	SR	SR
Financial liabilities				
Trade payables	23,593,465	23,593,465	-	-
Short term borrowings	36,173,557	36,173,557	-	-
Due to related parties	26,286,041	26,286,041	-	-
Zakat payable	707,574	707,574	-	-
Lease liabilities	650,171	318,711	331,460	-
	87,410,808	87,079,348	331,460	-

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and credit facilities are available to meet the Group's future commitments.

Market Risk:

Market price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates and interest rates, and will affect the Company's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency Risk:

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that's not the Company's currency. The Company exposure to foreign currency risk is primarily limited to transactions in United States Dollars ("USD"), and United Arab Emirates Dirham ("AED"). The Group management believes that their exposure to currency risk associated with USD and AED is limited as the Group's currency and AED are pegged to USD. The fluctuation in exchange rates against other currencies is monitored on a continuous basis.

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25 FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

25.2 Risk Management of Financial Instruments (CONTINUED)

Interest Rate Risk

As at 31 December 2021, the Company did have any financial assets or liabilities with variable interest rate (2020: Nil).

26 SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Company in preparing its consolidated financial statements:

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 31 December 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group directly or indirectly has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee,

- Any contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the shareholders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the consolidated financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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26 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the asset given or liabilities incurred or assumed at the date of acquisition, plus the amount of any non-controlling interests in the acquiree. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

FOREIGN CURRENCIES

Transactions and balances

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

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

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26 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
FOREIGN CURRENCIES (CONTINUED)

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyals at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Construction in progress and lands are not depreciated. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Repair and maintenance costs are recognized in profit or loss as incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings, and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Motor Vehicles 4 years
- Office equipment and furniture 4 years
- Tools and Medical tools 5 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

LEASES

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

Group as a lessee

A- Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over its estimated useful life.

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26 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (continued)

B- Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

C- Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low value assets are items that do not meet the Company's capitalisation threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low value assets are recognised on a straight-line basis in the statement of profit or loss.

Group as a lessor

Leases where the Group does not substantially transfer all risks and rewards of ownership are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue once they are earned.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in those expense categories consistent with the function of the impaired asset. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such reversal is recognised in the statement of profit or loss.

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26 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to sell.

FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at amortised cost

After initial measurement, financial assets at amortised cost are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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26 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

STATUTORY RESERVE

As required by the Saudi Arabian Regulation for Companies, the Group transfers 10% of its profit for the year to the statutory reserve until the reserve equals 30% of capital. The reserve is not available for distribution as dividends.

PROVISIONS

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

The Group provides warranties for defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

EMPLOYEE TERMINATION BENEFITS

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR Amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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26 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Contract assets

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

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

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

Assets and liabilities arising from rights of return

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products. A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

ACCOUNTS PAYABLE AND ACCRUALS

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

EXPENSES

Expenses related to operations are allocated on a consistent basis to cost of sales, selling and marketing expenses and general and administration expenses in accordance with consistent allocation factors determined as appropriate by the Group.

ZAKAT AND TAX

Zakat

The Group provide for zakat in accordance with the regulations of the Zakat, Tax and Customs (ZATCA). The provision is charged to the statement of profit or loss.

Uncertain zakat and tax positions

Differences that may arise at the finalization of an assessment are accounted for when the assessment is finalized with ZATCA.

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26 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ZAKAT AND TAX (continued)

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of value added tax included

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

27 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards when they become effective. The following new and amended standards are not expected to have a significant impact on the Group's consolidated financial statements:

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Annual Improvements to IFRS Standards 2018–2020.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
- Reference to Conceptual Framework (Amendments to IFRS 3).
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

28 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue by the Company's board of directors on 8 Dhu al-Qa'dah 1443H corresponding to 7 June 2022.

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