Nahdi Medical Company Prospectus

A Saudi joint-stock company established under commercial registration no. 4030053868 dated 11/10/1406H (corresponding to 18/06/1986G) pursuant to ministerial resolution no. 582, dated 29/02/1443H (corresponding to 06/10/2021G) approving the Company's conversion into a joint-stock company.

Offering of thirty nine million (39,000,000) Ordinary Shares representing 30% of the Nahdi Medical Company's share capital through a public offering at an Offer Price of SAR [•] per Share.

Offering Period: three days starting from Sunday 10/08/1443H (corresponding to 13/03/2022G) and ending on Tuesday 12/08/1443H (corresponding to 15/03/2022G).

Nahdi Medical Company (hereinafter referred to as the "**Company**" or the "**Issuer**") is a Saudi joint-stock company established under commercial registration no. 4030053868 dated 11/10/1406H (corresponding to 18/06/1986G) pursuant to ministerial resolution no. 582, dated 29/02/1443H (corresponding to 06/10/2021G) issued in Jeddah, KSA. The current share capital of the Company is one billion three hundred million Saudi Riyals (SAR 1,300,000,000) divided into one hundred and thirty million (130,000,000) Ordinary Shares with a fully paid-up nominal value of SAR 10 per share (the "**Shares**", and each a "**Share**").

Nahdi Medical Company was established as a single shareholder company in 1986 by Abdullah Amer bin Munif Al-Nahdi on 11/10/1406H (corresponding to 18/06/1986G).

On 03/04/1424H (corresponding to 03/06/2003G), Abdullah Amer bin Munif Al-Nahdi Establishment was converted from an establishment to a limited liability company by the name of Abdullah Amer bin Munif Al-Nahdi & Partners Company for Pharmacies and Medical Equipment with the participation of Tawjeeh Services & Commercial Investments Company, and a capital of fifty million (50,000,000) Saudi Riyals divided into fifty thousand (50,000) fully paid in-kind shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share.

On 02/06/1425H (corresponding to 19/07/2004G), the Company's name was changed to Nahdi Medical Company. On 20/04/1429H (corresponding to 27/04/2008G), Abdullah Amer Munif Al-Nahdi assigned his entire twenty-five thousand (25,000) shares to Al-Nahdi Holding Company Limited. On 29/07/1439H (corresponding to 15/04/2018G), Youssef Mayoud Al-Harthi, who is a licensed pharmacist, entered the Company as a business partner.

On 19/04/1441H (corresponding to 16/12/2019G), Tawjeeh Services & Commercial Investments Company sold the totality of its twenty-five thousand (25,000) shares to Saudi Economic and Development Holding Company (SEDCO).

On 20/12/1441H (corresponding to 10/08/2020G), the Company increased its capital from fifty million (SAR 50,000,000) Saudi Riyals to one billion (SAR 1,000,000,000) Saudi Riyals, divided into one million (1,000,000) fully paid cash shares of equal value of one thousand (SAR 1,000) Saudi Riyals per share, through the capitalization of nine hundred and fifty million (SAR 950,000,000) Saudi Riyals from the Company's retained earnings account as certified by the chartered accountant.

On 05/02/1443H (corresponding to 12/09/2021G), the Company increased its capital from one billion (SAR 1,000,000,000) Saudi Riyals to one billion three hundred million (SAR 1,300,000,000) Saudi Riyals, divided into one million three hundred thousand (1,300,000) fully paid cash shares of equal value of one thousand (SAR 1,000) Saudi Riyals per share, through the capitalization of three hundred million (SAR 300,000,000) Saudi Riyals from the Company's retained earnings account as certified by the chartered accountant.

On 27/02/1443H (corresponding to 04/10/2021G), the Company was converted from a limited liability company to a closed joint-stock company with a capital of one billion three hundred million (SAR 1,300,000,000) Saudi Riyals, divided into one hundred and thirty million (130,000,000) fully paid Ordinary Shares with a nominal value of ten (SAR 10) Saudi Riyals per share. (For more information, please see Section 4.6 ("**Overview of the Company and Growth of the Capital Thereof**")).

The initial public offering (hereinafter referred to as the "**Offering**") consists of the sale of thirty nine million (39,000,000) Ordinary Shares (hereinafter referred to as the "**Offer Shares**", and each an "**Offer Share**"), with a paid-up nominal value of SAR 10 per Ordinary Share, at an offer price of Saudi Riyals (SAR [•]) (hereinafter referred to as the "**Offer Price**"), which represent thirty percent (30%) of the share capital of the Company.

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

Tranche (A): Participating Parties: This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions and Allocation of Shares in IPOs as issued by the Capital Market Authority (hereinafter referred to as the "**CMA**") (the Instructions shall hereinafter be referred to as the "**Book-Building Instructions**"), (said investors shall be collectively referred to as the "**Participating Parties**" and each a "**Participating Party**") (for further details, please refer to Section 1 ("**Definitions and Abbreviations**")). The number of Offer Shares to be effectively allocated to Participating Parties is thirty-nine million (39,000,000) Ordinary Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors (as defined under Tranche (B) below)), the Lead Manager shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of thirty-five million one-hundred thousand (35,100,000) Ordinary Shares, representing 90% of the total Offer Shares. The Financial Advisors, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties.

Tranche (B): Individual Investors: This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any national of countries of the Cooperation Council for the Arab States of the Gulf (the "**GCC**"), in each case who has a bank account with a Receiving Agents and having the right to open an investment account with a Capital Market Institution (as defined in this Prospectus) (collectively, the "**Individual Investors**", and each an "**Individual Investor**"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

A maximum of three million nine hundred thousand (3,900,000) Ordinary Shares representing ten percent (10%) of the Offer Shares shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for thereby.

The current shareholders of the Company (hereinafter referred to as the "**Current Shareholders**") own all of the Company's Shares prior to the Offering. All Offer Shares will be sold by the selling shareholders (hereinafter referred to as the "**Selling Shareholders**") in accordance with Table 4-8 ("**Ownership Structure of the Company as at the Date of this Prospectus**"). The Current Shareholders, whose names appear on page (ix) of this Prospectus and who collectively own the entirety of the Shares prior to the Offering, shall own seventy percent (70%) of the Company's share capital following the Offering and will continue to hold the controlling interest in the Company. (For further information, please refer to Table 4-8 ("**Ownership Structure of the Company as at the date of this Prospectus**")).

The two Substantial Shareholders (i.e. Saudi Economic and Development Holding Company (SEDCO) and Al-Nahdi Holding Company Limited), whose names appear on page (ix) of this Prospectus, will be prohibited from disposing of or pledging their Shares, in each case during the six-month period (hereinafter referred to as the "**Lock-up Period**") starting from the commencement of trading of the Shares on the Saudi Exchange ("**Tadawul**", the "**Exchange**" or the "**Capital Market**"). Following the Lock-up Period, the Substantial Shareholders will be free to dispose of their Shares. The Offering proceeds shall be distributed to the Selling Shareholders after deduction of the Offering expenses (hereinafter referred to as the "**Net Offering Proceeds**". for further details, please refer to Section 8 ("**Use of Proceeds**")). The Company shall not receive any part of the Offering Proceeds (for further details, please refer to Section 8 ("**Use of Proceeds**")). The Underwriters shall fully underwrite the Offering (for further information, please refer to Section 13 ("**Underwriting**")).

The Offering will commence on Sunday 10/08/1443H (corresponding to 13/03/2022G) and will remain open for a period of (3) three days up to and including the last Offering day on Tuesday 12/08/1443H (corresponding to 15/03/2022G) (hereinafter referred to as the "**Offering Period**"). Subscription Applications may be submitted to the receiving agents (hereinafter referred to as the "**Receiving Agents**") listed on page (viii) during the Offering Period (for further details, please refer to page (xiii) ("**Key Dates and Subscription Procedures**")). Individual Investors can subscribe to the Offer Shares through the Receiving Agents during the Offering Period, and Participating Parties can subscribe to the Offer Shares through the Bookrunner (defined in Section 1 ("**Definitions and Abbreviations**")) during the book running process taking place prior to the Offering to Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Ordinary Shares. The maximum number of Ordinary Shares that can be subscribed for is two hundred and fifty thousand (250,000) Ordinary Shares per Individual Investor. The balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds three hundred and ninety thousand (390,000), the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and Financial Advisors. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the Receiving Agents. Notification of the final allocation and refund of subscription monies, if any, will be made at the latest by 20/08/1443H (corresponding to 23/03/2022G) (for further details, please refer to "**Key Dates and Subscription Procedures**" on page (xiii) and Section 18 ("**Subscription Terms and Conditions**")).

The Company has one class of Ordinary Shares. Each Share entitles its holder to one vote, and each shareholder (hereinafter referred to as a "**Shareholder**") has the right to attend and vote at general assembly meetings of the Company (hereinafter referred to as the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared and paid by the Company as at the date of this prospectus (hereinafter referred to as "**Prospectus**") and for subsequent financial years (for more information, please refer to Section 7 ("**Dividend Distribution Policy**")).

Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi Arabia (hereinafter referred to as "**KSA**" or "**Kingdom**") or elsewhere. Applications have been submitted by the Company to (i) the Capital Market Authority for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All supporting documents have been submitted to the CMA and all requirements have been satisfied, including those pertaining to listing the Company on the Exchange, with all approvals required to conduct the Offering granted, including approvals pertaining to this Prospectus. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of necessary conditions and procedures (for further details, please refer to "**Key Dates and Subscription Procedures**" on page xiii). Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in countries of the GCC countries as well as GCC nationals will be permitted to trade in the Shares after trading therein starts on the Exchange. Qualified Foreign Investors will be permitted to trade in the Shares pursuant to the CMA Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Non-Saudi individuals living outside the Kingdom and institutions registered outside the Kingdom (hereinafter referred to as "**Foreign Investors**") will have the right to acquire an economic benefit in the Shares by entering into Swap Agreements with Capital Market Institutions to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. The Capital Market Institutions will remain as legal owners of the Shares subject to the Swap Agreements.

Those wishing to subscribe to the Company's Shares should carefully read and review the ("**Important Notice**") on page i and Section 2 ("**Risk Factors**"), before making any decision to invest in the Offer Shares.

Financial Advisors, Bookrunners and Underwriters

HSBC

SNB Capital

Lead Manager

SNB Capital

This Prospectus includes information for the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the Capital Market Authority (the "**Authority**" or the "**CMA**") and the application for listing securities in compliance with the Listing Rules of the Saudi Stock Exchange. The Directors, whose names appear on page (iv) collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein 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.

This Prospectus is dated 25/05/1443H (corresponding to 29/12/2021G).


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IMPORTANT NOTICE

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, investors, whether Participating Parties or Individual Investors, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available by visiting the websites of the CMA (www.cma.org.sa), the Saudi Exchange (www.saudiexchange.sa), the Company (www.nahdi.sa), or the Financial Advisors and Bookrunners (www.hsbcsaudi.com) and (www.alahlicapital.com).

In respect to the Offering, the Company has appointed HSBC Saudi Arabia and SNB Capital as financial advisors (hereinafter referred to as the "**Financial Advisors**"), underwriters (hereinafter referred to as the "**Underwriters**") and bookrunners (the "**Bookrunners**"). The Company has also appointed SNB Capital as lead manager (the "**Lead Manager**") regarding the offering of the Shares described hereunder.

This Prospectus includes information provided in compliance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the CMA, in addition to the Listing Rules issued by the Saudi Exchange. The directors, whose names appear on page iv, collectively and individually, accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. While none of the Company, the Financial Advisors, nor any of the Company's other advisors whose names appear on pages vi and vii of this Prospectus (hereinafter referred to as the "**Advisors**"), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Company has no control (for further details, please refer to Section 2 ("**Risk Factors**")). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation 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, the Directors, the Selling Shareholders, the Receiving Agents or the Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of prospective investors. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual investment objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party's decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering is restricted to two groups of investors which are: (A) Participating Parties: this comprises the parties entitled to participate in the book-building process in accordance with the Book-Building Instructions (for further details, please see Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Investors: this includes Saudi natural persons, including Saudi women who are divorced or widowed and have minor children by a non-Saudi husband, who may subscribe for Offer Shares in their name(s) for the mothers' own benefit, provided she submits proof of their marital status and motherhood, in addition to GCC nationals who are natural persons and non-Saudi natural persons who reside in the Kingdom under legal residency permits. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors, certain other foreign investors pursuant to Swap Agreements entered into with a Capital Market Institution, in each case subject to applicable rules and regulations. All recipients of this Prospectus must inform themselves of any legal or regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to observe all such restrictions. Each eligible Individual Investor and Participating Party should read the entire Prospectus and seek and rely on their own counsel, financial advisors and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Offer Shares. No assurance can be made that profits will be achieved.

MARKET AND INDUSTRY DATA

The information in Section 3 ("**Market Overview**") is derived from the market study report dated 18/11/2021G prepared by the market study consultant, Euromonitor International Ltd. (the "**Market Consultant**") for the benefit of the Company, in relation to the medical sector in the Kingdom of Saudi Arabia (the "**Market Study**").

The Market Consultant prepared the study report independently and objectively, and was keen to ensure the accuracy and completeness of said report. The research was conducted with a broad sector perspective, which may not necessarily reflect the performance of individual companies in the sector.

The Directors believe that the Market Study information and data from other sources contained in this Prospectus, including that provided by the Market Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholders, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

It should be noted that the Market Consultant does not, nor do any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives own any Shares or any interest of any kind in the Company. As at the date of this Prospectus, the Market Consultant has given and not withdrawn its written consent for the use of its name, logo, market information and data supplied thereby to the Company in the manner and format set out in this Prospectus.

FINANCIAL INFORMATION

The following financial statements are attached to this Prospectus:

- The audited consolidated financial statements for the financial years ended 31 December 2018G, 31 December 2019G and 31 December 2020G, together with the notes thereto, in each case prepared in accordance with the International Financial Reporting Standards applicable in the KSA (IFRS-KSA) and other accounting standards accepted in the Kingdom issued by the Saudi Organization for Certified Public Accountants ("**SOCPA**"), with regard to which KPMG issued an independent auditor's report.
- The unaudited condensed consolidated interim financial statements for the Six Month Period Ended 30 June 2021G together with the notes thereto, which were prepared in accordance with IAS 34 - "**Interim Financial Reporting**", as endorsed in the Kingdom of Saudi Arabia and reviewed by Ernst & Young.

The financial information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Prospectus were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof. Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies of one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to "**year**" or "**years**" means Gregorian years.

FORECASTS AND FORWARD-LOOKING STATEMENTS

Forecasts set forth in this Prospectus 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. The Company confirms that, to the best of its knowledge, statements have been made hereunder following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "**plans**", "**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, whereby many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 ("**Risk Factors**")). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Under the OSCOs requirements, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that:

a- there has been a significant change in any material information contained in this Prospectus or any document required under the OSCOs; or

b- significant additional issues have arisen whose inclusion in this Prospectus 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 in this Prospectus, whether as a result of new information, future events or otherwise. As a result, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way 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.

DEFINITIONS AND ABBREVIATIONS

For further details on the terms used in this Prospectus, please see Section 1 ("**Definitions and Abbreviations**").

CORPORATE DIRECTORY

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

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Saleh Salem Ahmed Bin Mahfouz[1]	Chairman	Saudi	Non-Executive, Non-Independent	04/10/2021G	-	-	6.48%	4.53%
2	Abdullah Amer Abdullah Al-Nahdi[2]*	Vice Chairman	Saudi	Non-Executive, Non-Independent	04/10/2021G	-	-	45.05%	31.53%
3	Abdelelah Salem Ahmed Bin Mahfouz[3]	Board Member	Saudi	Non-Executive, Non-Independent	04/10/2021G	-	-	7.14%	4.99%
4	Yasser Ghulam Abdulaziz Joharji	Board Member and the CEO	Saudi	Executive, Non-Independent	04/10/2021G	-	-	-	-
5	Junaid Sam Bajwa	Board Member	British	Non-Executive, Independent	04/10/2021G	-	-	-	-
6	Romain Voog	Board Member	French	Non-Executive, Independent	04/10/2021G	-	-	-	-
7	Abdulatif Ali Abdulatif Al-Seif	Board Member	Saudi	Non-Executive, Independent	04/10/2021G	-	-	-	-

Source: The Company.

1 Saleh Salem Ahmed Bin Mahfouz holds a 6.48% indirect ownership pre-Offering, as a result of holding: 11.58% direct ownership in the Saudi Economic and Development Holding Company (SEDCO), which owns 50% of the Issuer's Shares pre-Offering; and 25% ownership in Methak Investment Holding Company, which owns: (i) 99.0% of Qsour Al-Hanaa for Urban Development Ltd, which in turn holds 5.51% ownership in the Saudi Economic and Development Holding Company (SEDCO) that ultimately owns 50% of the Issuer's shares pre-Offering; and (ii) 99.0% ownership in AlRuwad Almethalyon Development Company, which owns 1% of Qsour Al-Hanaa for Urban Development Ltd, which in turn owns 5.51% ownership in the Saudi Economic and Development Holding Company (SEDCO) that ultimately holds 50% of the Issuer's shares pre-Offering.

2 Abdullah Amer Abdullah Al-Nahdi holds 45.05% indirect ownership pre-Offering, as a result of holding: (i) 99.0% direct ownership in Dan General Trading & Contracting Company, which holds 91.0% ownership in Al-Nahdi Holding Company Limited, which ultimately owns 50.0% of the Issuer's shares pre-Offering; and (ii) 1.0% direct ownership in Anar Trading Company, which holds 2.0% in Al-Nahdi Holding Company Limited, which ultimately owns 50.0% of the Issuer's shares pre-Offering.

* Please note that Abdullah Amer Abdullah Al-Nahdi may be referred to as Abdullah Amer bin Munif Al-Nahdi in the Prospectus, due to the difference in the registration of names in official documents with the Ministry of Commerce, emphasizing that any reference to either of the two previous names is intended for the same person.

3 Abdelelah Salem Ahmed Bin Mahfouz holds a 7.14% indirect ownership pre-Offering, as a result of holding: 12.9% direct ownership in the Saudi Economic and Development Holding Company (SEDCO), which owns 50.0% of the Issuer's shares pre-Offering; and 25.0% ownership in Methak Investment Holding Company, which holds: (i) 99.0% ownership in Qsour Al-Hanaa for Urban Development Ltd, which holds 5.51% ownership in the Saudi Economic and Development Holding Company (SEDCO) that ultimately owns 50.0% of the Issuer's shares pre-Offering; and (ii) 99.0% ownership in AlRuwad Almethalyon Development Company, which holds 1% ownership in Qsour Al-Hanaa for Urban Development Ltd, which in turn holds 5.51% ownership of the Saudi Economic and Development Holding Company (SEDCO) that ultimately owns 50.0% of the Issuer's shares pre-Offering.

The current Secretary of the Board of Directors is Hussamuddine Hilmi Al-Shahti who does not hold any Shares in the Company.

THE COMPANY'S ADDRESS, REPRESENTATIVES AND BOARD OF DIRECTORS' SECRETARY

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Abraq Al-Roghamah District
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Company Representatives

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Board Secretary

Hussamuddine Hilmi Al-Shahti
Kingdom of Saudi Arabia
Tel: +966 126535353 - 5312
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Email: boardsecretary@nahdi.sa

Stock Exchange

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Tel: + 966 92 000 1919
Fax: + 966 11 218 9133
Website: www.saudiexchange.sa
Email: csc@saudiexchange.sa

Securities Depository Center Co., Edaa
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P.O. Box 3388
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Kingdom of Saudi Arabia
Tel: + 966 920026000
Fax: + 966 11 218 9133
Website: www.edaa.sa
Email: cc@edaa.com.sa

من مجموعة تداول السعودية
From Saudi Tadawul Group

Financial Advisors, Bookrunners, and Underwriters

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Website: www.hsbcsaudi.com
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SNB Capital
King Saud Road, SNB regional building
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Kingdom of Saudi Arabia
Tel: +966 92 0000232
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Lead Manager

SNB Capital
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P.O. Box 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 92 0000232
Fax: +966 11 4060052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

Legal Advisor of the Issuer

Abdulaziz Al Ajlan and Partners, Lawyers and Legal Advisors
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Note:

To date, all the above-mentioned Advisors and Auditors have given and not withdrawn their written consent, to the publication of their names, logos and statements attributed thereto in the context in which they appear in this Prospectus, and do not themselves, their employees who are part of the team providing services to the Company, or any of their relatives have any shareholding or interest of any kind in the Company as at the date of this Prospectus, which may affect their independence. The financial statements have been audited in accordance with the International Financial Reporting Standards applicable in the KSA (IFRS-KSA) and other accounting standards issued by the Saudi Organization for Certified Public Accountants by KPMG for the financial years 2018G, 2019G, 2020G. The six-month period ending on June 30, 2021G was audited in accordance with 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 by Ernst & Young.

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SUMMARY OF THE OFFERING

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. Accordingly, it is important to carefully consider the "**Important Notice**" on page i, Section 2 ("**Risk Factors**"), as well as all information set forth herein prior to making any investment decision in the Offer Shares, and said decision should not be solely based on this Summary.

Company Name, Description and Incorporation	Nahdi Medical Company was established as an establishment by Abdullah Amer Munif Al-Nahdi on 11/10/1406H (corresponding to 18/06/1986G). On 03/04/1424H (corresponding to 03/06/2003G), Abdullah bin Amer bin Munif Al-Nahdi Establishment was converted from an establishment to a limited liability company by the name of Abdullah Amer Munif Al-Nahdi & Partners Company for Pharmacies and Medical Equipment, with the participation of Tawjeeh Services & Commercial Investments Company with a capital of fifty million (50,000,000) Saudi Riyals divided into fifty thousand (50,000) fully paid in-kind shares of equal value of one thousand (SAR 1,000) Saudi Riyals per share. On 02/06/1425H (corresponding to 19/07/2004G), the Company's name was changed to Nahdi Medical Company. On 20/04/1429H (corresponding to 27/04/2008G), Abdullah Amer Munif Al-Nahdi assigned his entire twenty-five thousand (25,000) shares to Al-Nahdi Holding Company Limited. On 29/07/1439H (corresponding to 15/04/2018G), Youssef Mayoud Al-Harthi, who is a licensed pharmacist, entered the Company as a business partner. On 19/04/1441H (corresponding to 16/12/2019G), Tawjeeh Services & Commercial Investments Company sold the totality of its twenty-five thousand (25,000) shares to Saudi Economic and Development Holding Company (SEDCO). On 20/12/1441H (corresponding to 10/08/2020G), the Company increased its capital from fifty million (SAR 50,000,000) Saudi Riyals to one billion (SAR 1,000,000,000) Saudi Riyals, divided into one million (1,000,000) fully paid cash shares of equal value of one thousand (SAR 1,000) Saudi Riyals per share, through the capitalization of nine hundred and fifty million (SAR 950,000,000) Saudi Riyals from the Company's retained earnings account as certified by the chartered accountant. On 19/02/1443H (corresponding to 26/09/2021G), the Company increased its capital from one billion (SAR 1,000,000,000) Saudi Riyals to one billion three hundred million (SAR 1,300,000,000) Saudi Riyals, divided into one million three hundred thousand (1,300,000) fully paid cash shares of equal value of one thousand (SAR 1,000) Saudi Riyals per share, through the capitalization of three hundred million (SAR 300,000,000) Saudi Riyals from the Company's retained earnings account as certified by the chartered accountant. On 05/02/1443H (corresponding to 12/09/2021G), the Shareholders resolved to increase the Company's capital from one billion (SAR 1,000,000,000) Saudi Riyals to one billion three hundred million (SAR 1,300,000,000) Saudi Riyals, divided into one hundred thirty million (130,000,000) fully paid cash shares of equal value of ten (SAR 10) Saudi Riyals per share, through the capitalization of retained earnings. The Shareholders' resolution to approve the conversion of the Company from a limited liability company to a joint-stock company (closed) was documented on 19/02/1443H (corresponding to 26/09/2021G), and all procedures were completed, including the amendment of the commercial register on 05/03/1443H (corresponding to 11/10/2021G (For more information, please see Section 4.6 ("**Overview of the Company and Growth of the Capital Thereof**")).
Company's Activities	In accordance with its Bylaws, the Company's activities revolve around human health and social work, trade, construction, education, information and communication, real estate activities, administrative and support services activities, public administration and defense, compulsory social security, water supply and sanitation activities, waste management and treatment, and other service activities.
Number of Shares held by the Substantial Shareholders Pre- and Post-Offering	The following table sets out the names as well as pre-Offering and post-Offering ownership percentages of Substantial Shareholders.

Table (1-2): Overview of Substantial Shareholders of the Company Pre- and Post-Offering

Shareholder Name	Shareholding (Pre-Offering)			Shareholding (Post-Offering)		
	No. of Shares	Direct Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Par Value (SAR)
SEDCO	65,000,000	50%	650,000,000	45,500,000	35%	455,000,000
Al-Nahdi Holding Company Limited	65,000,000	50%	650,000,000	45,500,000	35%	455,000,000
Total	**130,000,000**	**100%**	**1,300,000,000**	**91,000,000**	**70%**	**910,000,000**

Company's Capital	One billion three hundred million (SAR 1,300,000,000).
Total Number of Issued Shares	One hundred thirty million (130,000,000 Shares).
Offering	Initial public offering of thirty nine million 39,000,000 Ordinary Shares, representing 30% of the Company's share capital, at an Offer Price of SAR [•] per Offer Share, with a fully paid nominal value of SAR 10 per Share.
Total Number of Offer Shares	Thirty nine million (39,000,000) Ordinary Shares.

Nominal value per Share	Ten Saudi Riyals (SAR 10) per Share.
Percentage of Offer Shares to the total number of issued Shares	The Offer Shares represent 30% of the Company's total Shares.
Offer Price	SAR [•] per Share.
Total value of Offer Shares	SAR [•]
Use of Proceeds	The Net Proceeds from the Offering amounting to approximately SAR [•] (after deducting the Offering expenses estimated at eighty million (SAR 80,000,000) Saudi Riyals) 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 8 ("**Use of Proceeds**")).
Number of Shares Underwritten	Thirty nine million (39,000,000) Ordinary Shares.
Total Underwritten Offering Amount	SAR [•]
Categories of Targeted Investors	Subscription for the Offer Shares is restricted to the following groups of investors: **Tranche (A): Participating Parties:** This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions The number of Offer Shares allocated to effective Participating Parties is Thirty nine million (39,000,000) Ordinary Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors (as defined under Tranche (B) below)), the Lead Manager shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of thirty five million one hundred thousand (35,100,000) Ordinary Shares, representing 90% of the total Offer Shares. **Tranche (B): Individual Investors:** This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any national of countries of GCC States, in each case who has a bank account with a Receiving Agent and having the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of three million nine hundred thousand (3,900,000) Ordinary Shares representing 10% of the Offer Shares shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for thereby.
Total Offer Shares available for each Targeted Investor Category	
Number of Shares offered to Participating Parties	Thirty nine million (39,000,000) Ordinary Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors, the Lead Manager may decide to reduce the number of Shares allocated to Participating Parties to a minimum of thirty five million one hundred thousand (35,100,000) Shares, representing 90% of the total Offer Shares. The Financial Advisors, in coordination with the Company and the Selling Shareholders, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties.
Number of Shares offered to Individual Investors	A maximum of three million nine hundred thousand (3,900,000) Offer Shares, representing 10% of the total Offer Shares. In the event that Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated thereto in proportion to the number of Offer Shares subscribed for thereby.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties	Participating Parties are entitled to apply for subscription, and the Bookrunners will provide Bidding Participation Forms to the Participating Party investors during the Book-Building Period. After the initial allocation, the Lead Manager will provide Participating Parties with Subscription Application Forms, which they must fill out in accordance with the instructions described in Section 18 ("**Subscription Terms and Conditions**").
Subscription method for Individual Investors	Subscription Application Forms will be provided to Individual Investors during the Offering Period by the Receiving Agents. Subscription Application Forms must be completed in accordance with the instructions described in Section 18 ("**Subscription Terms and Conditions**"). Individual Investors who have participated in recent initial public offerings in the Kingdom can also subscribe through the internet, telephone banking or automated teller machines ("**ATMs**") of any of the Receiving Agents' branches that offer any or all such services to their customers, provided that the following requirements are satisfied: (i) the Individual Investor must have a bank account at a Receiving Agent which offers such services, and (ii) there have been no changes in the personal information or data of the Individual Investor since such person's subscription to the last initial public offering.

Minimum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Minimum Number of Offer Shares to be Applied for by Participating Parties	Fifty thousand (50,000) Shares.
Minimum Number of Offer Shares to be Applied for by Individual Investors	Ten (10) Shares.
Minimum Subscription Amount by each Category of Targeted Investors	
Minimum Subscription Amount for Participating Parties	SAR [•].
Minimum Subscription Amount for Individual Investors	SAR [•].
Maximum Number of Offer Shares to be Applied for by each Category of Targeted Investors	
Maximum Number of Offer Shares to be Applied for by Participating Parties	Six million, four hundred and ninety-nine thousand, nine hundred and ninety-nine (6,499.999) Shares, subject to the restrictions stipulated in the book-building instructions
Maximum Number of Offer Shares to be Applied for by Individual Investors	Two hundred and fifty thousand (250,000) Shares.
Maximum Subscription Amount by each Category of Targeted Investors	
Maximum Subscription Amount for Participating Parties	SAR [•].
Maximum Subscription Amount for Individual Investors	SAR [•].
Allocation and Refund Method for each Category of Targeted Investors	
Allocation of Offer Shares to Participating Parties	The initial allocation of the Offer Shares will be made as determined by the Company and the Financial Advisors, using the voluntary share allocation method. The Company and the Financial Advisors may decide to not allocate any Offer Shares to certain Participating Parties. Final allocation of the Offer Shares to the Participating Parties will be made through the Lead Manager following subscription by Individual Investors. The number of Offer Shares to be initially allocated to Participating Parties is thirty nine million (39,000,000) Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, the Lead Manager may decide to reduce the number of Shares allocated to Participating Parties to thirty five million one hundred thousand (35,100,000) Shares, representing 90% of the total Offer Shares, following subscription by Individual Investors.
Allocation of Offer Shares to Individual Investors	The allocation of the Offer Shares for Individual Investors is projected to be completed no later than 17/08/1443H (corresponding to 20/03/2022G), with the minimum allocation per Individual Investor amounting to ten (10) Offer Shares, and the maximum allocation per Individual Investor amounting to two-hundred fifty thousand (250,000) Offer Shares. The remaining Offer Shares, if any, shall be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Investor to the total number of subscribed for shares. In the event that the number of Individual Investors exceeds three hundred and ninety thousand (390,000), the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and Financial Advisors.
Refund of Excess Subscription Monies	Surplus subscription amounts (if any) will be refunded without any charge or withholding by the Lead Manager or relevant Receiving Agent. Notification of the final allotment and refund of subscription monies, if any, will be made at the latest by 20/08/1443H (corresponding to 23/03/2022G) (for further details, see "**Key Dates and Subscription Procedures**" on page xiii and Section 18 ("**Subscription Terms and Conditions**")).
Offering Period	The Offering will commence on Sunday 10/08/1443H (corresponding to 13/03/2022G) and will remain open for a period of (3) three days up to and including the last Offering day on Tuesday 12/08/1443H (corresponding to 15/03/2022G).
Distribution of Dividends	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 (for further details, please refer to Section 7 ("**Dividend Distribution Policy**")).

Voting Rights	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. A Shareholder may authorize another Shareholder that is not a member of the Board of Directors nor an employee of the Company, to attend General Assembly meetings and vote on its behalf (for further details, see refer to Section 12-14 ("**Description of Shares**")).
Share Restrictions (Lock-up Period)	The Substantial Shareholders, shown on page ix will be subject to a Lock-up Period of six months starting from the commencement of trading of the Shares on the Saudi Stock Exchange, during which the Substantial Shareholder shall be prohibited from disposing of their Shares. In addition, the Company is prohibited from listing shares of the same class as the Offer Shares for a period of six (6) months starting from the commencement of trading of the Offer Shares on the Exchange.
Listing and Trading of Shares	Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi or elsewhere. Applications have been submitted by the Company to the Capital Market Authority for the registration and offering of the Shares in accordance with the OSCOs, and the Exchange for the listing of the Shares in accordance with the Listing Rules. All relevant approvals to conduct the Offering have been granted and all CMA-required documents submitted. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares.
Risk Factors	There are certain risks related to investing in the Offering. Such risks can be classified as follows: (i) risks related to the Company and its operations; (ii) risks related to the market; and (iii) risks related to the Offer Shares. These risks are described in Section 2 ("**Risk Factors**") and the ("**Important Notice**") in the preamble hereof, and should be carefully considered prior to making a decision to invest in the Offer Shares.
Offering Expenses	The Selling Shareholders shall be responsible for all expenses and costs associated with the Offering, which are estimated at around eighty million (SAR 80,000,000) Saudi Riyals. Such costs shall be deducted from the Offering proceeds, and include the fees of the Financial Advisors, Underwriters, Issuer's Legal Advisor, the Financial Due Diligence and Working Capital Advisor, Auditor, Market and Strategy Consultants, and other Advisors, in addition to the fees of the Receiving Agents, marketing, printing and distribution expenses, as well as other related expenses.
Financial Advisor, Bookrunner and Underwriter	**HSBC Saudi Arabia** HSBC Building 7267 Olaya Street, Al-Murooj Riyadh 2255-12283 Kingdom of Saudi Arabia Tel: +966 920005920 Fax: +966 11 2992385 Website: www.hsbcsaudi.com Email: NahdiIPO@hsbcsa.com
Financial Advisor, Lead Manager, Bookrunner and Underwriter	**SNB Capital** King Saud Road, SNB regional building P.O. Box 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 92 0000232 Fax: +966 11 4060052 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com

Note: Page i ("**Important Notice**") and Section 2 ("**Risk Factors**") of this Prospectus must be carefully studied before making any decision regarding investing in Offer Shares under this Prospectus.

KEY DATES AND SUBSCRIPTION PROCEDURES

Table (1-3): Expected Offering Timetable

Expected Offering Timetable	Date
Offering Period for Participating Parties and Book-Building Period	Starting from 28/07/1443H (corresponding to 01/03/2022G) and closing at 3:00 pm KSA time at the end of 04/08/1443H (corresponding to 07/03/2022G).
Individual Investor Subscription Period	Starting from 10/08/1443H (corresponding to 13/03/2022G) and closing at the end of 12/08/1443H (corresponding to 15/03/2022G).
Deadline for submission of Subscription Forms by Participating Parties based on the initial allocation of Offer Shares	07/08/1443H (corresponding to 10/03/2022G).
Deadline for submission of Subscription Application Forms and payment of the subscription monies by Individual Investors	12/08/1443H (corresponding to 15/03/2022G).
Deadline for payment of subscription money by Participating Parties based on their initially allocated Offer Shares	12/08/1443H (corresponding to 15/03/2022G).
Announcement of final Offer Shares allotment	17/08/1443H (corresponding to 20/03/2022G).
Refund of excess subscription monies (if any)	20/08/1443H (corresponding to 23/03/2022G).
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 in local newspapers and 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 in national daily newspapers, on the Tadawul website (www.tadawul.com.sa), the Company's website (www.nahdi.sa) and the website of the Financial Advisors (www.hsbcsaudi.com) and (www.alahlicapital.com).

How to Apply for Offer Shares

The Offering shall be restricted to the following three groups of investors:

Tranche (A): Participating Parties: parties eligible to participate in the book-building process as specified under the Book-Building Instructions (for further details, see Section 1 ("**Definitions and Abbreviations**") and Section 18 ("**Subscription Terms and Conditions**")).

Tranche (B): Individual Investors: individual investors comprising Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account with a Receiving Agents and having the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, then the relevant regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

Participating Parties

Participating Parties can obtain the Bidding Participation Forms from the Bookrunners during the Book-Building Period, and obtain the Subscription Application Forms from the Lead Manager following the initial allocation. The Bookrunners shall, after the approval of the CMA, offer the Offer Shares to Participating Parties only during the Book-Building Period. Subscriptions by the Participating Parties shall commence during the Offering Period, which shall also include the Individual Investors and Eligible Employees, according to the terms and conditions detailed in the Subscription Forms. A signed Subscription Form shall be submitted to the Lead Manager, with such Subscription Form representing a binding agreement between the Selling Shareholders and the applicant Participating Party.

Individual Investors

Subscription Application Forms for Individual Investors will be available from the Receiving Agents during the Offering Period. Individual Investors who have participated in previous initial public offerings in the Kingdom can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents offering any or all such services to its customers, provided that the following requirements are satisfied:

- the Individual Investor must have a bank account at the Receiving Agent which offers such services; and
- there have been no changes in the personal information or data of the Individual Investor (by way of exclusion or addition of any member of his family) since such person last participated in an initial public offering.

Each Individual Investor is required to fill out the Retail Subscription Form according to the instructions described in Section 18 ("**Subscription Terms and Conditions**"). Each applicant must complete all the relevant sections in the Retail Subscription Form. The Company reserves the right to reject any Retail Subscription Form, in part or in whole, if any of the subscription terms and conditions are not met. The Retail Subscription Form cannot be amended or withdrawn once submitted. Furthermore, the Retail Subscription Form shall, upon submission, be considered to be a legally binding agreement by the relevant investor to the Selling Shareholders (for further details, see Section 18 ("**Subscription Terms and Conditions**")).

Excess subscription monies, if any, will be refunded to the primary Individual Investor's account held with the Receiving Agent from which the subscription value has been debited in the first place, without withholding any charge or commission by the Lead Manager or Receiving Agents. Excess subscription monies shall not be refunded in cash or to third party accounts.

SUMMARY OF KEY INFORMATION

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the ("**Important Notice**") on page i and Section 2 ("**Risk Factors**"), respectively, prior to making any investment decision in relation to the Offer Shares.

OVERVIEW OF THE COMPANY

Overview of the Company and its Business Activities

Nahdi Medical Company is a Saudi joint-stock company established under commercial registration no. 4030053868 dated 11/10/1406H (corresponding to 18/06/1986G) pursuant to ministerial resolution no. 582, dated 29/02/1443H (corresponding to 06/10/2021G). The Company operates in accordance with Ministry of Health License No. 3673110126 dated 22/12/1424H (corresponding to 28/12/2003G). As listed in the commercial register, the head office of the Company is located in the Abraq Ar-Roghama district of Jeddah, and its P.O. Box No. is 17129 Jeddah (Postal Code 21484). The current share capital of the Company is one billion three hundred million Saudi Riyals (SAR 1,300,000,000) divided into one hundred and thirty million (130,000,000) Ordinary Shares with a fully paid-up nominal value of SAR 10 per share. As listed in the commercial register, the main activities of the Company, are pharmacy activities, wholesale of medical devices and equipment, drug warehouse activities, retailing of medical devices, equipment and supplies.

Nahdi Medical Company was established as an establishment in 1986 by Abdullah Amer bin Munif Al-Nahdi on 11/10/1406H (corresponding to 18/06/1986G).

On 03/04/1424H (corresponding to 03/06/2003G), Abdullah bin Amer bin Munif Al-Nahdi Establishment was converted from an establishment to a limited liability company by the name of Abdullah Amer bin Munif Al-Nahdi & Partners Company for Pharmacies and Medical Equipment, with the participation of the Tawjeeh Services & Commercial Investments Company with a capital of fifty million (50,000,000) Saudi Riyals divided into fifty thousand (50,000) fully paid in-kind shares of equal value of one thousand (SAR 1,000) Saudi Riyals per share.

On 02/06/1425H (corresponding to 19/07/2004G), the Company's name was changed to Nahdi Medical Company. On 20/04/1429H (corresponding to 27/04/2008G), Abdullah Amer bin Munif Al-Nahdi assigned his entire twenty-five thousand (25,000) shares to Al-Nahdi Holding Company Limited. On 29/07/1439H (corresponding to 15/04/2018G), Youssef Mayoud Al-Harthi, who is a licensed pharmacist, entered the Company as a business partner.

On 19/04/1441H (corresponding to 16/12/2019G), the Tawjeeh Services & Commercial Investments Company sold the totality of its twenty-five thousand (25,000) shares to Saudi Economic and Development Holding Company (SEDCO).

On 20/12/1441H (corresponding to 10/08/2020G), the Company increased its capital from fifty million (SAR 50,000,000) Saudi Riyals to one billion (SAR 1,000,000,000) Saudi Riyals, divided into one million (1,000,000) fully paid cash shares of equal value of one thousand (SAR 1,000) Saudi Riyals per share, through the capitalization of nine hundred and fifty million (SAR 950,000,000) Saudi Riyals from the Company's retained earnings account as certified by the chartered accountant.

On 27/02/1443H (corresponding to 04/10/2021G), the Company increased its capital from one billion (SAR 1,000,000,000) Saudi Riyals to one billion three hundred million (SAR 1,300,000,000) Saudi Riyals, divided into one million three hundred thousand (1,300,000) fully paid cash share of equal value, of one thousand (SAR 1,000) Saudi Riyals per share, through the capitalization of three hundred million (SAR 300,000,000) Saudi Riyals from the Company's retained earnings account as certified by the chartered accountant, and the Company was converted from a limited liability company to a closed joint-stock company with a capital of one billion three hundred million (SAR 1,300,000,000) Saudi Riyals, divided into one hundred and thirty million (130,000,000) fully paid Ordinary Shares with a nominal value of ten (SAR 10) Saudi Riyals per share. (For more information, please see Section 4-6 ("**Overview of the Company and Growth of the Capital Thereof**")).

Purpose

The Company's purpose is to exist to to add beats to the lives of its Guests every day.

Vision

The Company's vision is to be the most trusted and preferred health and wellbeing partner for all its Guests.

Mission

The Company's mission is to exceed its Guests' expectations by providing superior personalized life care experiences everyday, everywhere.

Strengths and Competitive Advantages

The Company's pharmacies have become an integral part of society as a result of its ongoing programs to promote health and personalized care, mom & baby care, and wellness programs aiming to add 36 million beats to the lives of its Guests by the year 2030G. In addition, it is committed to continuously engaging with government agencies and bodies, working alongside them to achieve the Kingdom's 2030 Vision.

Key developments of the Company since establishment

The following table details the Company's key developments since its establishment to date.

Table (1-4): Key Developments of the Company since Establishment:

Year	Event/Development
1986G - 2002G	• Establishment of Nahdi as an establishment. • Opening of the first pharmacy in the city of Jeddah. • Expansion to 50 pharmacies in Jeddah in 1998G. • Expansion to 100 pharmacies in 2002G.
2003G	• Acquisition by SEDCO Holding (through Tawjeeh Services & Commercial Investments Company) of 50% of the shares of Nahdi Medical Company LLC.
2009G	• Adopting a strategy for coordinating offers across pharmacies. • Promoting the development of supply chain operations. • Establishing Nahdi Academy to train and develop its employees.
2010G	• Number of pharmacies reached 500 pharmacies throughout the Kingdom.
2012G	• Improving and developing the work environment, whereby the Company won the award for the best work environment in the Kingdom for the year 2012G. • Commenced implementing a strategy for social responsibility and diabetes education programs.
2013G	• Nahdi launched its new corporate identity with the aim of carrying out its activities according to the "community pharmacy" concept.
2014G	• Introducing the medical insurance program within its pharmacies. • Launching the "Nuhdeek" loyalty program to serve its Guests and to contribute to creating a unique experience. • Redefining pharmacy design to enhance the shopping experience for Guests.
2015G	• Opening the first pharmacy inside commercial centers and malls. • Launching the Wazen Health Program to achieve a healthy lifestyle for the community.
2016G	• Launching the omni-channel sales service. • The number of pharmacies reached 1,000 pharmacies. • Launching the "Nahdi" mobile application • Achieving a record in the Guinness Book of Records for serving pilgrims in 1437H.
2017G	• Launching the Company's new strategy to keep pace with the objectives of the Kingdom's Vision 2030 for the healthcare sector • Launching the "Beats of Hope" strategy for sustainable social responsibility. • Opening of the Company's first and largest central pharmacy to add a unique shopping experience to all its Guests.
2018G	• Launching a new strategy for omni-channel e-commerce. • Initiating community partnership by entering into an agreement with the Ministry of Health. • Organizing the first conference on the safe use of antibiotics in partnership with the Ministry of Health and the World Health Organization.
2019G	• Opening the first NahdiCare Clinic. • Opening of the first pharmacy in the United Arab Emirates.
2020G	• Opening of the first NahdiCare Express Clinic.
2021G	• Opening of the Company's largest Smart Logistics Distribution Center. • Number of pharmacies reached 1,152 in mid-2021G.

Source: The Company.

Company Strategy

Three and a half decades in the pharmacy industry have led to a deep and broad understanding by the Company of all its Guests' needs more than ever before. As a result of this experience, the Company is in a position to provide innovative health solutions and services to its Guests wherever they are and whenever they need them, at the highest levels of quality and excellence, and in a sustainable manner that exceeds their expectations. Since its establishment, Nahdi Medical Company has been continuously innovating, in line with health strategies and initiatives in the Kingdom of Saudi Arabia, consistently placing its Guests at the forefront of its concerns and initiatives that enhance the health of individuals and society as a whole. Today, Nahdi Medical Company leads the preeminent chain of pharmacies in Saudi Arabia. Subsequently, it seeks to enhance its services and continue to provide a distinctive shopping experience that exceeds the expectations of its Guests while maintaining its market-leading position by taking advantage of its brand equity and the excellent ease of access to its pharmacies. The Company expects the Kingdom's retail pharmacy market to continue growing at a compound annual growth rate of 4.3% during the period of 2020G to 2026G, to reach a value of 37.6 billion Saudi Riyals in 2026G.

The Company has identified four strategic orientations to achieve its growth goals:

- Strengthening the core pharma-retail offering.
- Expanding the omni-channel retail footprint.
- Becoming an integrated health services gateway (omni-health).
- Developing strategic capabilities to support the Company's growth.

Strengthening the Core Pharma-retail Offering

The Company has grown rapidly over the past decade, leveraging its knowledge of the needs and expectations of its Guests. The Company offers a range of integrated healthcare products and services through a vast point-of-sales network consisting of more than 1,150 pharmacies while managing three distribution centers across the Kingdom, enabling Guests to reach points of sale in the shortest possible time. The Company's approach is to provide its Guests with products and services that satisfy their aspirations and desires, in the backdrop of a distinctive shopping experience while prioritizing the development of new product categories and healthcare solutions. Moreover, Nahdi continues to expand its own Private Label brands and Direct Import products to ensure that Guests are provided with a wider range of products characterized by high quality and more competitive prices.

Expanding the omni-channel Retail Footprint

To ensure a unique experience for its Guests across all points of sale, the Company applies the concept of Guest-centricity, enabled by its bold innovations and creative solutions. The Company has had significant success in migrating to an omni-channel sales platform and is now in the process of comprehensively expanding its sales activities into the more Guest-focused omni-channel ecosystem. The Company is expanding its presence through digital channels. It seeks to be the first in providing a seamless experience for Guests while providing a distinctive assortment of products and services. The Company will relocate neighborhood pharmacies and expand into more centralized and premium stores that utilize innovative technology to logistically support the omni-channel retail network. The Company also continues to open additional pharmacies in the United Arab Emirates inside shopping centers and various neighborhoods through an omni-channel approach, with an increase in the number of openings expected in the medium term. Finally, the Company aims to improve digital shopping, product pick-up and home delivery services to enhance Guest loyalty, care and the overall shopping experience.

Becoming an Integrated Health Services Gateway (omni-health)

The integrated health services system revolves around providing an integrated health care system for the Company's Guests, ranging from offering pharmaceutical products to providing specialized healthcare services. The Company aims to develop a Guest-centric ecosystem by connecting its various pharmacy locations together as an integrated health services system that efficiently takes care of its Guests. The Company's services involve all stages of their experience and aim to significantly increase the number of those benefitting from such services in the medium term by investing in the growth of the network of primary care centers through NahdiCare Express Clinics, increasing the number of polyclinics, laboratories and home health care services, in addition to developing virtual medical consultation services.

Developing Strategic Capabilities to Support the Company's Growth

The Company is working to enhance its capabilities in all required sectors to ensure the proper implementation and management of its strategy by strengthening the IT and Supply Chain technical capabilities, attracting and retaining the best talent, and building strategic partnerships with the relevant authorities spanning the public and private sectors in line with the Kingdom's Vision.

MARKET OVERVIEW

The Company obtained the data and information included herein and relating to the market and sector in which it operates from the Market Study Report prepared by Euromonitor Consulting Company (hereinafter referred to as the "**Market Consultant**"). The study was issued on 18/11/2021G.

Euromonitor Consulting was founded in 2008G in London and provides strategic services and market research. It commenced its operations in Saudi Arabia in 1972G (for more information about Euromonitor Consulting, visit www.euromonitor.com).

It should be noted that neither the Market Consultant nor any of its shareholders, directors or their relatives, own any kind of share or interest in the Company or its affiliate companies. The Market Consultant has given its written consent on the use of the market information and studies provided to the Company as shown in this Prospectus, and such approval has not been withdrawn to date.

SUMMARY OF FINANCIAL INFORMATION

The selected financial information set out below should be read in conjunction with the audited consolidated financial statements for the financial years ended 31 December 2018G, 31 December 2019G and 31 December 2020G, together with the notes thereto, in each case prepared in accordance with the International Financial Reporting Standards applicable in the KSA (IFRS-KSA) and other accounting standards accepted in the Kingdom issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), with regard to which KPMG issued an independent auditor's report. The unaudited condensed consolidated interim financial statements for the Six Month Period Ended 30 June 2021G together with the notes thereto, which were prepared in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia and reviewed by Ernst & Young, in addition to the information set out under the Financial Information section above.

The financial information for the financial year ended 31 December 2018G was extracted from the comparative financial information presented in the Company's financial statements for the financial year ended 31 December 2019G. The financial information for the financial year ended 31 December 2019G was extracted from the comparative financial information presented in the Company's financial statements for the financial year ended 31 December 2020G.

Table (1-5): Data from Profit and Loss and Other Comprehensive Income Statement for the Years Ended 31 December 2018G, 31 December 2019G and 31 December 2020G and Interim Condensed Consolidated Unaudited Statement of Profit and Loss and Other Comprehensive Income Reviewed for the Six Months Period Ended 30 June 2021G

SAR ('000)	FY18G (audited)	FY19G (audited)	FY20G (audited)	YoY 2018G-2019G	YoY 2019G-2020G	Period ended 30/6/2020G (unaudited)	Period ended 30/6/2021G (unaudited)	Change for the Period ended 30/6/2020G-2021G	CAGR 2018G-2020G
Revenues	7,350,003	7,824,674	8,642,207	6.5%	10.4%	4,520,516	4,051,247	(10.4%)	8.4%
Cost of Revenue	(5,276,140)	(5,360,961)	(5,392,535)	1.6%	0.6%	(2,814,346)	(2,411,568)	(14.3%)	1.1%
Gross Profit	**2,073,863**	**2,463,713**	**3,249,672**	**18.8%**	**31.9%**	**1,706,170**	**1,639,679**	**(3.9%)**	**25.2%**
Other, net income	(20,678)	26,602	31,458	N/A	18.3%	11,029	6,313	(42.8%)	N/A
Expected credit losses	(9,871)	(25,000)	18,000	153.3%	N/A	-	-	N/A	N/A
Selling and distribution expenses	(1,095,859)	(1,327,228)	(1,987,553)	21.1%	49.8%	(897,594)	(1,011,387)	12.7%	34.7%
General and administrative expenses	(301,855)	(310,200)	(337,032)	2.8%	8.6%	(179,590)	(148,804)	(17.1%)	5.7%
Property and equipment Impairment	-	(14,270)	(8,599)	N/A	(39.7%)	-	-	N/A	N/A
Operating profit for the year / period	**645,601**	**813,618**	**965,945**	**26.0%**	**18.7%**	**640,015**	**485,801**	**(24.1%)**	**22.3%**
Financing income	-	12,263	-	N/A	N/A	-	-	N/A	N/A
Financing costs	(6,804)	(55,354)	(57,500)	713.6%	3.9%	(28,303)	(38,488)	36.0%	190.7%

SAR ('000)	FY18G (audited)	FY19G (audited)	FY20G (audited)	YoY 2018G-2019G	YoY 2019G-2020G	Period ended 30/6/2020G (unaudited)	Period ended 30/6/2021G (unaudited)	Change for the Period ended 30/6/2020G-2021G	CAGR 2018G-2020G
Real estate investment depreciation	-	(1,894)	(14,000)	N/A	639.2%	-	-	N/A	N/A
Profit for the year / period before zakat	638,797	768,632	894,446	20.3%	16.4%	611,713	447,313	(26.9%)	18.3%
zakat	(28,144)	(76,630)	(45,330)	172.3%	(40.8%)	(22,500)	(25,468)	13.2%	26.9%
Net profit for the year / period	**610,653**	**692,002**	**849,116**	**13.3%**	**22.7%**	**589,213**	**421,846**	**(28.4%)**	**17.9%**
Other comprehensive income:									
Remeasurement of defined benefits loss	(9,237)	(21,904)	(19,576)	137.1%	(10.6%)	(7,500)	(20,891)	178.5%	45.6%
Foreign Operations differences	-	-	(161)	N/A	N/A	(157)	(26)	(83.8%)	N/A
Other annual comprehensive loss	(9,237)	(21,904)	(19,737)	137.1%	(9.9%)	(7,657)	(20,917)	173.2%	46.2%
Total comprehensive income for the year / period	**601,416**	**670,099**	**829,378**	**11.4%**	**23.8%**	**581,555**	**400,929**	**(31.1%)**	**17.4%**

Source: The consolidated audited financial statements for the years ended 2018G, 2019G and 2020G, and the unaudited condensed consolidated interim financial statements that were examined for the Six Month Period Ended 30 June 2021G and 2020G, excluding percentages.

Table (1-6): Data from Consolidated Balance-Sheet as at 31 December 2018G, 2019G and 2020G, and Unaudited Condensed Consolidated Interim Balance-Sheet Reviewed for the Six Months Period Ended 30 June 2021G

SAR ('000)	As at 31 December 2018G (audited)	As at 31 December 2019G (audited)	As at 31 December 2020G (audited)	As at 30 June 2021G (unaudited)
Assets				
Non-current assets				
Property and equipment	582,986	645,520	779,590	865,332
Investment real estate	194,894	193,000	179,000	179,000
Intangible assets	40,119	35,080	41,572	47,674
Right-of-use assets	-	1,306,061	1,186,842	1,281,242
Advance payments and other assets - non-current	9,018	7,227	4,635	-
Total non-current assets	**827,017**	**2,186,888**	**2,191,638**	**2,373,248**
Current assets				
Inventory	1,131,927	1,133,868	1,180,966	1,146,131
Trade receivables	105,914	139,141	94,779	191,404
Advance payments and other current assets	253,558	151,389	174,552	182,557
Short term investments	200,359	202,832	-	600,000
Cash and cash equivalents	170,073	372,354	1,008,530	323,764
Total current assets	**1,861,832**	**1,999,584**	**2,458,826**	**2,443,855**
Total assets	**2,688,849**	**4,186,472**	**4,650,464**	**4,817,103**

SAR ('000)	As at 31 December 2018G (audited)	As at 31 December 2019G (audited)	As at 31 December 2020G (audited)	As at 30 June 2021G (unaudited)
Shareholder rights and liabilities				
Shareholder rights				
Capital	50,000	50,000	1,000,000	1,000,000
Statutory reserve	25,000	25,000	109,912	109,912
Retained earnings	1,603,886	1,709,403	969,030	909,985
Foreign Currency Translation Reserve	-	-	(161)	(187)
Total Equity	**1,678,886**	**1,784,403**	**2,078,781**	**2,019,710**
Liabilities				
Non-current liabilities				
Employee benefits	142,570	168,829	329,488	358,181
Lease commitments	1,545	984,410	828,953	929,294
Accrued expenses and non-current liabilities	0	10,395	14,381	19,934
Total non-current liabilities	**144,115**	**1,163,635**	**1,172,822**	**1,307,409**
Current liabilities				
Lease commitments (current)	-	233,227	376,131	411,912
Zakat payable	37,056	78,440	98,054	77,314
Trade and other payables	428,287	512,758	442,673	603,663
Accrued expenses and current liabilities	350,547	369,688	457,825	391,568
Due to Related Parties	49,957	44,321	24,179	5,528
Total current liabilities	**865,847**	**1,238,435**	**1,398,861**	**1,489,985**
Total Liabilities	**1,009,962**	**2,402,070**	**2,571,683**	**2,797,394**
Total Equity and Liabilities	**2,688,848**	**4,186,472**	**4,650,464**	**4,817,103**

Source: The consolidated audited financial statements for the years ended 2018G, 2019G and 2020G, and the unaudited condensed consolidated interim financial statements that were examined as of 30 June 2021G.

Table (1-7): Data from Audited Cash Flow Statement for the Years Ended 31 December 2018G, 31 December 2019G and 31 December 2020G, and Unaudited Condensed Consolidated Interim Cash Flow Statement Reviewed for the Six Months Period Ended 30 June 2021G

SAR ('000)	FY18G	FY19G	FY20G	Period Ended 30 June 2021G (unaudited)
Operating activities				
Annual / period profit before zakat	638,797	768,632	894,446	447,313
Adjustments to reconcile profit for before zakat to net operating cash flows:				
Property and equipment depreciation	118,078	130,482	140,630	77,881
Amortization of intangible assets	24,964	21,482	17,534	12,493
Property and equipment write-off	-	2,246	-	-
Intangible asset write-off	2	-	-	-
Gain from disposal of property and equipment	34,254	2,259	(1,126)	(39)
Impairment of property and equipment	-	14,270	8,599	-
Decrease in the value of investment properties	-	1,894	14,000	-
Provision for employee benefits	23,384	24,363	57,380	24,624
(Reversal)/ provision for slow moving and obsolete inventories	55,488	31,190	142,329	(24,159)
Depreciation of right-of-use assets	-	343,363	349,014	192,227

SAR ('000)	FY18G	FY19G	FY20G	Period Ended 30 June 2021G (unaudited)
Allowance for expected credit losses	9,871	25,000	(18,000)	-
Foreign Currency Translation Reserve	-	-	-	(26)
Financing costs	-	55,354	47,193	38,488
Amortization of prepayments and other assets	-	1,791	2,592	-
	904,838	1,464,761	1,654,590	768,801
Working Capital Adjustments:				
Inventory	49,618	(33,131)	(189,426)	26,948
Trade receivables	1,964	(58,228)	62,362	(92,904)
Advance payments and other current assets	18,364	(69,092)	(23,163)	(11,725)
Trade and other payables	5,664	84,471	(70,247)	160,990
Accrued expenses and other current liabilities	28,672	22,355	217,475	(75,175)
Cash flow from operating activities	1,009,119	1,411,137	1,651,592	776,935
Paid financing costs	-	(7,819)	-	(38,488)
Paid employee benefits	(7,424)	(20,007)	(34,800)	(16,822)
Paid zakat	(21,723)	(35,246)	(30,943)	(46,207)
Net inflows from operating activities	979,972	1,348,066	1,585,848	675,418
Investing activities				
Proceeds from the disposal of property and equipment	-	6,184	13,822	79
Purchase of property and equipment	(162,497)	(217,974)	(295,848)	(135,798)
Purchase of intangible assets	(20,519)	(16,444)	(23,951)	(13,960)
Short term investment	(200,359)	(2,472)	202,832	(600,000)
Net cash used in investing activities	(383,375)	(230,706)	(103,146)	(749,679)
Financing activities				
Payment of a major portion of lease obligations	-	(415,080)	(311,526)	(150,505)
Paid dividends	(550,000)	(500,000)	(535,000)	(460,000)
Net cash used in financing activities	(550,000)	(915,080)	(846,526)	(610,505)
Increase in cash and cash equivalents	46,597	202,280	636,176	(684,766)
cash and cash equivalents at the beginning of the period	121,235	170,073	372,354	1,008,530
Cash and cash equivalents classified as held for sale	2,241	-	-	-
Cash and cash equivalents at the end of the period	170,073	372,354	1.008.530	323,764
Additional Non-Cash Information				
Employee benefits transferred from agents / to agents	8,484,771	21,903,558	70,150,460	-
Inventory	20,258,517	-	-	-
Advance payments and other current assets	5,446,432	-	-	-
Accrued expenses and other current liabilities	(7,749,170)	-	-	-
Added property and equipment	4,931,119	-	-	-
Application of IFRS 16	-	64,582,864	-	-
Amount transferred as a result of the acquisition of Sakhaa Golden for Contracting & Trading Co. Ltd.	-	-	48,351,986	-
Attaching to the assets the right-of-use and the lease obligation	-	-	-	286,626,995

Source: The consolidated audited financial statements for the years ended 2018G, 2019G and 2020G, and the unaudited condensed consolidated interim financial statements that were examined for the Period Ended 30 June 2021G.

Table (1-8): Key Performance Indicators for the Fiscal Years Ended 31 December 2018G, 2019G and 2020G, and Unaudited Interim Period Ended 30 June 2021G.

Income Statement Metrics					
Percentage of revenues	FY18G	FY19G	FY20G	Period Ended 30 June 2020G	Period Ended 30 June 2021G (unaudited)
Gross profit margin (1)	28.2%	31.5%	37.6%	37.7%	40.5%
Net profit margin before zakat (2)	8.7%	9.8%	10.3%	13.5%	11.0%
Net profit margin (3)	8.3%	8.8%	9.8%	13.0%	10.4%
Balance Sheet Metrics					
	As at 31 December 2018G	As at 31 December 2019G	As at 31 December 2020G		As at 30 June 2021G (unaudited)
Debt to Equity (4)	0.6	1.3	1.2		1.4
Return on Assets (5)	22.7%	16.5%	18.3%		Not applicable
Return on Equity (6)	36.4%	38.8%	40.8%		Not applicable
Working Capital Ratio (Current Ratio) (7)	2.2	1.6	1.8		1.6

Source: Management information.

(1) Gross profit margin is defined as gross profit divided by revenue, which is a percentage.

(2) The net profit margin before zakat is defined as the profit for the year/period before zakat divided by revenue, which is a percentage.

(3) Net profit margin is defined as the net profit for the year/period divided by revenue, which is a percentage.

(4) Liabilities on equity of partners are defined as the total liabilities at the end of the year/period divided by the total equity of the partners.

(5) Return on assets is calculated as follows: net profit for the year / Total assets at the end of the year.

(6) The return on partners' equity is calculated as follows: Net profit for the year / Total partners' equity at the end of the year.

(7) The working capital ratio (current ratio) is calculated as follows: Total current assets / total current liabilities.

SUMMARY OF RISK FACTORS

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks stated below and which are described in detail in Section 2 ("**Risk Factors**").

A- Risks Related to the Company's Operations

- Risks related to the overall decline in the number of Guests or levels of Guest spending on the Company's business
- Risks related to maintaining the reputation of the "**Nahdi**" brand
- Risks related to the Company's reliance on Key Suppliers
- Risks related to the Sustainability of the Company's Supplier Support Incentives
- Risks related to increased volume of credit sales and receivables
- Risks related to the Company's strategy
- Risks related to the seasonality of revenues
- Risks related to identifying and leasing locations for new Pharmacies and Clinics on commercially acceptable terms
- Risks related to the impact of increasing costs and operating expenses on the Company's business
- Risks related to the Company's Healthcare Business
- Risks related to Medical Errors
- Risks related to difficulty in attracting qualified health practitioners
- Risks related to the Company's Related Party Transactions
- Risks related to the Company's smart phone applications, online e-commerce platform and related online advertising activities
- Risks associated with regulations, permits, licenses and approvals necessary for the Company's business
- Risks related to the regulatory requirements imposed by the SFDA
- Risks related to quality or health issues affecting the Company's products
- Risks related to failure to adequately protect Guest confidential health information.
- Risks relating to protecting certain trademarks on which the Company relies
- Operational risks and unexpected interruptions to the Company's business
- Risks relating to the outbreak of infectious diseases or other serious public health concerns, including the continuing global spread of COVID-19
- Risks related to renovation and redevelopment of the Company's Pharmacies
- Risks related to the Company's delivery, return and exchange policies
- Risks related to the Company's reliance on its senior Management and key personnel
- Risks related to the Company's current financing arrangements
- Risks related to the Company's implementation of a newly adopted corporate governance manual
- Risks related to Management's lack of experience in managing a publicly listed company
- Risks related to reliance on supply and support from third party service providers
- Risks related to the adequacy of insurance coverage
- Risks related to interruptions in the Company's IT network or cloud systems
- Risks related to cash theft
- Risks related to litigation involving the Company
- Risks related to ownership and title disputes relating to the Company's properties
- Risks related to inventory levels
- Risks related to the Company's revenue growth rates

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

- The impact of political and economic risks on the Company's operations
- Risks related to the increasing competition in the industry which the Company operates
- Risks related to failure to anticipate or appropriately adapt to changes or trends within the pharmacy retail industry.
- Financial Risks related to the fluctuation of currency exchange rates
- Risk Related to the Competition Law
- Risks related to the changes in laws and government policies in Saudi Arabia
- Risks related to Saudization, non-Saudi employees, and other Labor Law requirements
- Risks related to changes in importation laws and regulations
- Risks related to the imposition of additional fees or new taxes
- Risks related to changes in the calculation of Zakat and income tax
- Risks related to Zakat

C- Risks Related to the Offer Shares

- Risks related to actual control by Substantial Shareholder on the interests of the Company and other Shareholders
- Risks related to the absence of a prior market for the Shares
- Risks related to future sales and offers
- Risks related to fluctuation in the market price of the Shares
- Risks relating to the Company's ability to distribute dividends
- Risks related to the failure of publishing research or the publishing of unfavorable research about the Company

Our Mission

To exceed all guest's expectations by providing superior personalized life care experience everyday everywhere

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Our Vision

To be the most loved and trusted health wellbeing partner of all our guests

1- DEFINITIONS AND ABBREVIATIONS

Term	Definition
Audit and Risks Committee	The Company's audit and risks committee[1].
Abha Branch	In charge of Nahdi pharmacies in the cities of Abha, Khamis Mushait, Jazan, Najran, Bisha, Mahayel, Asir and surrounding areas
Accounting Standards Generally Accepted in the KSA	Accounting standards that are generally accepted in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA
Board of Directors or Board	The Company's board of directors.
Book-Building Instructions and Allocating Shares in Initial Public Offerings	Instructions on Book-Building and Allocation of Shares in Initial Public Offerings issued by the Board of the CMA pursuant to resolution number 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA resolution number 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G).
Branch	Company branch registered in the commercial registry as an independent branch, through which profits are collected.
Business Account (Vendor Site)	A supplier identified by the Company by a separate supply contract and commercial account.
Business Day	Any business day (with the exception of Fridays, Saturdays and official holidays) for Receiving Agents in Saudi Arabia.
Bylaws	The Company's Bylaws, as approved by the General Assembly.
Capital Market Institution	A person authorized by the CMA to carry out securities business.
Capital Market Law	The Capital Market Law issued by Royal Decree Number M/30 dated 2/6/1424H (corresponding to 31/7/2003G), as amended.
CEO	The Company's Chief Executive Officer.
Chairman	The Chairman of the Board of Directors of the Company.
CMA	The Capital Market Authority in Saudi Arabia.
Companies Law	The Companies Law, issued under Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended.
Company/Nahdi/Issuer	Nahdi Medical Company.
Competition Law	The Competition Law issued under Royal Decree No. M/75 dated 29/6/1440H.
Corporate Governance Regulations	The Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) as amended by Resolution No 1-7-2021 dated 1/6/1442H (corresponding to 14/1/2021G).
Current Shareholders	All Current Shareholders in the Company whose names and ownership percentages are shown in Table 4-3 ("**Ownership Structure of the Company as at the Date of this Prospectus**"), namely: • Saudi Economic and Development Company (SEDCO) • Al-Nahdi Holding Co. Ltd
Dammam Branch	In charge of Nahdi pharmacies in the cities of Dammam, Khobar, Hofuf, Mubarraz, Jubail and surrounding areas.
Digital Transformation and Cyber Security Committee	The Company's digital transformation and cyber security committee.
Directors or Board Members	Members of the Company's Board of Directors appointed by the General Assembly whose names appear in Section 5.1.1 ("**Formation of the Board of Directors**") of this Prospectus.
Ernst & Young	Ernst & Young Professional Services (Professional LLC) (previously known as: Ernst & Young & Co. Public Accountants (a professional limited liability company).

1 The Audit and Risk Committee is set to become the Audit Committee

Term	Definition
Extraordinary General Assembly	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
Financial Advisors	HSBC Saudi Arabia and SNB Capital.
FY	The Company's financial year, from January 1 to December 31 of each Gregorian year.
FY18G	The period commencing 1 January 2018G and ended 31 December 2018G.
FY19G	The period commencing 1 January 2019G and ended 31 December 2019G.
FY2020G	The period commencing 1 January 2020G and ended 31 December 2020G.
G	Gregorian.
GAC	The General Authority for Competition of Saudi Arabia, the Kingdom's regulator of the Competition Law and its regulations in the Kingdom.
General Assembly	An Extraordinary General Assembly and/or an Ordinary General Assembly. "**General Assembly**" shall mean any Company's general assembly.
Government	Government of Saudi Arabia, with "**Governmental**" being interpreted accordingly.
Guest(s)	Current or potential client(s) of the Company.
H	Hijri.
Head Office	The Company's head office located in Jeddah.
Independent Auditors	KPMG and Ernst & Young.
Individual Investors	Saudi natural persons, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account with a Capital Market Institution and are entitled to open investment accounts therewith.
International Financial Reporting Standards applicable in the KSA (IFRS-KSA)	International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, which include standards and technical releases relating to matters not covered by IFRS, such as the subject of Zakat.
Jeddah Branch	In charge of Nahdi pharmacies in the cities of Jeddah, Rabigh, Thuwal and surrounding areas.
Key Suppliers	The Company's top 25 suppliers based on total purchases for the Six Month Period Ended 30 June 2021G.
KPMG	KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia (previously known as: "KPMG Al Fozan & Partners Certified Public Accountants").
KSA, the Kingdom, Saudi Arabia or Saudi	The Kingdom of Saudi Arabia.
Labor Law	The Saudi Labor Law issued pursuant to Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended by Royal Decree No. M/5 dated 07/01/1442H.
Lead Manager	SNB Capital.
Listing	Listing of all the Shares on the Saudi Stock Exchange in accordance with the Listing Rules.
Listing Rules	Tadawul Listing Rules issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), and amended by Resolution No. 1-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).
Lock-up Period	The six-month period during which each Substantial Shareholder may not dispose of any of their Shares, starting from the commencement of trading of the Shares on the Exchange. Following the Lock-up Period, Substantial Shareholders are free to dispose of their Shares.
Madinah Branch	In charge of Nahdi pharmacies in the cities of Madinah, Tabuk, Yanbu and surrounding areas

Term	Definition
Makkah and Taif Branch	In charge of Nahdi pharmacies in the cities of Makkah, Taif, Al-Lith, Al-Qunfudhah, Al-Baha and surrounding areas.
Management	The executive directors and Senior Executives of the Company.
Market Consultant	Euromonitor International Ltd.
Market Study	The market study in relation to the medical industry in the Kingdom of Saudi Arabia dated 13/04/1443G (corresponding to 18/11/2021G) and prepared by the Market Consultant.
MHRSD	The Ministry of Human Resources and Social Development in Saudi Arabia.
MISA	The Ministry of Investment in Saudi Arabia.
MoC	The Ministry of Commerce in Saudi Arabia.
MOMRAH	The Ministry of Municipal, Rural Affairs and Housing.
Nahdi Online	Online sale and home delivery service.
Nomination and Remuneration Committee	The nomination and remuneration committee of the Board of Directors.
Offer Price	[•] SAR per Share.
Offer Shares	Thirty-nine million (39,000,000) Ordinary Shares representing 30% of the Company's capital.
Offering	Offering thirty nine million (39,000,000) Ordinary Shares, representing 30% of the Company's capital.
Offering Period	The Offering Period starts on Sunday 10/08/1443H (corresponding to 13/03/2022G) and remains in effect for a period of (3) three days through the subscriptions end date on Tuesday 12/08/1443H (corresponding to 15/03/2022G)..
omni-channel	A multi-channel sales approach focused on providing a seamless guest experience whether online (from a mobile device, laptop, or over the phone) or in a pharmacy.
omni-health	An approach combining both physical and digital channels to assist the Company's healthcare providers in providing guests with a seamless experience through nurses for initial checkups, patient visits to clinics, telemedicine, guest care department, patient related tasks and patient case management department.
Ordinary General Assembly	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
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), as amended by resolution number 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Participating Parties	Parties entitled to participate in bookbuilding under the Book-Building Process, namely: • public and private funds that invest in securities listed on the Saudi Exchange, as permitted by the fund's terms and conditions and in accordance with the provisions and limitations stipulated in the Investment Funds Regulations, in compliance with the provisions and restrictions set forth in the Book-Building Instructions; • Capital Market Institutions licensed to deal as a principle, in accordance with the Prudential Rules when submitting the bidding participation application; • Capital Market Institutions authorized by the CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions; • Any legal persons allowed to open an investment account in the Kingdom, and an account with the depositary center, including foreign legal persons who are allowed to invest in the market where the shares of an issuer are to be listed, with regards to the conditions of listing companies investments in listed securities stipulated in the Authority's circular number (6/05158) dated 11/08/1435H corresponding to 09/06/2014G based on the Capital Market Authority's board resolution number (9-28-2014) dated 20/07/1435H corresponding to 19/05/2014G; • Government entities, any supranational authority recognized by the Authority, the Exchange, or any other stock exchange recognized by the Authority, or the Securities Depository Center; • Government-owned Companies whether investing directly or through a portfolio manager; and • GCC companies, and GCC funds if the terms and conditions of the fund permit that.

Term	Definition
Period Ended 30 June 2021G	Period commencing on 1 January 2021G and ending on 30 June 2021G.
Person	Any natural or juridical person.
Prospectus	This document prepared by the Company in relation to the Offering.
Prudential Rules	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012, dated 17/2/1434H (corresponding to 20/12/2012G), as amended.
Public	Persons other than the following: 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; or Persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.
QFI or Qualified Foreign Investor	A foreign investor that has been qualified in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities to invest in listed securities. Qualification Application shall be submitted to a Capital Market Institution to evaluate and approve the application in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
Receiving Agents	The Receiving Agents whose names appear on page (viii).
Related Party(ies)	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. 2-22-2021, dated 12/7/1442H (corresponding to 24/2/2021G), a "**Related Party**" includes any of the following: 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 an affiliate of the Company; 5- Directors and Senior Executives of Substantial Shareholders of the Issuer; 6- any relatives of persons described at (1), (2), (3), (4) or 5 above; 7- any company controlled by any person described at (1), (2), (3), (4), (5) or 6 above. In (7), "**control**" has the meaning set out in this Section.
Retail Subscription Form	The retail subscription application form to be completed by Individual Investors in order to subscribe for the Offer Shares during the Retail Offering Period.
Riyadh Branch	In charge of Nahdi pharmacies in the cities of Riyadh, Qassim, Buraydah, Al-Kharj, Hail, Sakaka, Arar and surrounding areas.
Saudi Riyal(s) or SAR	Saudi Arabian Riyal(s), the official and legal currency of Saudi Arabia.
Saudization	Saudization requirements applicable in the Kingdom in relation to the labor market.
Saudization Rate	The percentage of employees within any workforce who are deemed to count towards the level of Saudization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Saudization level.
Secretary	The secretary of the Board of Directors.
Selling Shareholders	Saudi Economic and Development Company (SEDCO) and Al-Nahdi Holding Co. Ltd
Senior Executives	Any natural person to whom the Board of Directors of the Company, or a member of the Board of Directors of the Company, has given responsibility, either alone or jointly with others, for management and supervision and either reports to the Board of Directors directly; a member of the Board of Directors; or the CEO.

Term	Definition
SFDA	The Saudi Food & Drug Authority.
Shareholder(s)	Any holder of shares in the Company.
Shares	Any fully paid ordinary share of the Company with a nominal value of SAR 10 per share in the capital of the Company as issued thereby from time to time.
SKU	A stock keeping unit, or a number assigned to a particular product to identify the price, product options and manufacturer of the merchandise.
Special Brand	Nahdi Direct Import Brand and Private Label Brand products.
Subscriber(s)	Any Participating Party and Individual Investor.
Subscription Form	The Participating Parties Subscription Form used thereby to apply for Offer Shares during the Book-Building Period. Said term includes the appended Subscription Form as applicable, upon a price change.
Substantial Shareholder(s)	Any person holding 5% or more of the Issuer's shares, namely Al-Nahdi Holding Co. Ltd. (50%) and Saudi Economic and Development Company (SEDCO) (50%)
SWAP Agreements	Type of agreement through which foreign investors, individual non-Saudis residing outside the Kingdom and registered institutions outside the Kingdom, agree to invest indirectly to acquire the economic benefits of shares by entering into swap agreements with a Capital Market Institution licensed by the CMA.
Tadawul, Saudi Exchange or Exchange	The Saudi Exchange.
Underwriters	HSBC Saudi Arabia and SNB Capital.
Underwriting Agreement	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriters in connection with the Offering.
VAT	Value Added Tax, also known as the goods and services tax.
Zakat	Zakat imposed on Muslims as the third pillar of Islam under applicable Saudi laws.
ZATCA	Zakat, Tax and Customs Authority.

2- RISK FACTORS

Prospective Subscribers should carefully consider the following risk factors, along with the other information contained in this Prospectus, prior to making an investment decision with respect to the Offer Shares. The risks and uncertainties described below are those that the Company currently believes may affect it and any investment in the Offer Shares. However, the risks listed below do not necessarily constitute all risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Directors currently are not aware of or that the Directors currently believe are immaterial. The occurrence of any such risks and uncertainties may materially or adversely affect the Company's business, results of operations, financial position, and prospects. As a result of such risks, the price of the Shares may decline, the Company's ability to pay dividends may be impaired, and investors may lose all, or part of, their investment.

The Company's business, results of operations, financial position, and prospects may be materially or adversely affected, and the Company may not be able to pay dividends, the price of Shares may decline, and investors may lose all, or part of, their investment, if any of the risks referred to below or any other risks not identified by Directors, or that are not material at the present time are realized or become material. As a result of these risks and other factors that may affect the Company's business, the expected events and circumstances in the future that have been presented in this Prospectus may not happen in the way expected by the Company or the Directors, or they may not happen at all. Consequently, investors should consider all future statements contained in this Prospectus in light of this interpretation and not rely on these statements without verifying them (for more information, please refer to the Section "**Important Notice**" on page i of this Prospectus).

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

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

The risks stated below are not arranged in order of importance or expected impact on the Company. Other risks unknown to the Company may also occur, or risks which the Company considers immaterial at the present time may have the same effects or consequences mentioned in this Prospectus. Accordingly, the risks described in this Section or in any other section of this Prospectus may not: (a) include all risks that might affect the Company or its operations, activities, assets, or the markets in which it operates, or (b) include all of the risks relating to investment in the Offer Shares.

2.1 Risks Related to the Company's Operations

2.1.1 Risks related to the overall decline in the number of Guests or levels of Guest spending on the Company's business

The Company's revenues depend on the levels of Pharmaceutical and Non-Pharmaceutical Product sales to, and expenditures by, Guests. Accordingly, the financial success of the Company is subject to general risks related to the performance of the retail, pharmaceutical, and health services sectors. Retail sales, including in the health, beauty and wellbeing sectors, are subject to rapid and occasional unpredictable changes in the behavior of consumers which may be influenced by variable general economic conditions related to levels of disposable income, tax implementations (including VAT, which rose from 5% to 15% on 1 July 2020G), consumer spending (including discretionary spending on beauty and wellbeing products), the general confidence in the economy, changes in consumer preferences and demographics.

In addition, the success of the Company's business depends on its ability to attract and retain Guests. In order to do so, the Company must continue to provide a comprehensive and appealing product mix and maintain the quality of products, while anticipating and responding to changes in Guest demand levels and preferences in a timely manner. Consumer acceptance of products is affected by a number of factors, including prevailing economic conditions, disposable income, lifestyle trends, prices, functionality, technology and many other factors. It is also possible that some of the products that the Company offers will not achieve a widespread consumer acceptance or may decrease in demand. Additionally, the success of the Company's operations depends on its continued ability to select products that satisfy consumers' demands.

2.1.2 Risks related to maintaining the reputation of the "**Nahdi**" brand

The Company's success depends in part on its ability to maintain the image and reputation of the Nahdi brand, which the Company believes is associated with the level of care and protection that its products and services offer the community, as well as its commitment to a certain level of quality and service. Quality, health and safety issues (or any errors or accidents at the Company's Pharmacies or Clinics), actual or perceived, are likely to damage the reputation of the Nahdi brand, which could cause Guests to switch to competitors, resulting in a loss of Guests and a decline in the Company's market share and revenues (for more details please refer to Section 2.1.11 "**Risks related to Medical Errors**").

Although the Company does not own or control ownership interest in the producers or suppliers of such products, the reputation of the Company's brand could be adversely affected as a result of any act by the producers in breach of quality, health, and safety standards.

The Nahdi 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 or services available on the Company's platform, or improper or illegal conduct by the Company's employees, suppliers, third-party merchants and other business partners, that is not authorized by the Company. Furthermore, adverse publicity (whether accurate or not) relating to activities by the Company's Board, Shareholders, Management, Related Parties, suppliers, employees, contractors or agents (such as Guest service mishaps or non-compliance with laws and regulations) will tarnish the reputation of the Nahdi 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 Guests, third-party merchants, regulators, medical professionals and other business partners, and its business, results of operations, financial conditions and prospects could be materially and adversely affected as a result.

2.1.3 Risks related to the Company's reliance on Key Suppliers

The Company's business is based on the resale of Pharmaceutical and Non-Pharmaceutical Products that it purchases from more than 600 Business Accounts represented by over 200 suppliers. In particular, as at 30 June 2021G, the Company had 171 main Business Accounts with the Company's top 25 suppliers (identified based on gross purchases) representing 76.5%, 78.8%, 73.7% and 78.5% of the total gross purchases made by the Company for the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the Six Month Period Ended 30 June 2021G, respectively.

The Company has signed supply contracts with 24 Key Suppliers represented by 171 Business Accounts, under which the Company purchases products from its Key Suppliers based on purchase orders and invoices. In addition, the Company has signed 10 contracts with Private Label Key Suppliers for the production of the Company's Private Label products and Key Suppliers of Direct Import Products. Most of these contracts give the Company the right to replace any defective or damaged products received from the Key Suppliers after they have been inspected. Furthermore, both the Company and the relevant supplier are granted the right to terminate the contract in accordance with the terms thereof. If any one of these suppliers were to terminate or fail to renew its supply agreement with the Company, or renew on less favorable terms for the Company, the Company's business, results of operations, financial position, and prospects would be adversely and negatively affected. For further details, please refer to Section 12.6.1.1 "**Summary of main terms of supply contracts with Key Suppliers**".

To the extent any of these Key Suppliers' Business Accounts terminate or significantly reduce their volume of business with the Company in the future, because of a product shortage, their unwillingness to do business, changes in strategy or otherwise, or if products supplied by Key Suppliers do not meet the Company's quality standards, the Company may not be able to satisfy its Guests' demands regarding brands or products, and the Company's business and relationship with its Guests would be negatively affected. Moreover, the absence of a signed contract with Key Suppliers could make it more difficult to protect its rights in certain circumstances or could lead to disputes. In addition, as the scale of the Company's business continues to grow, there can be no assurance that it will be able to expand its sourcing network to include new suppliers on reasonable terms and prices.

If the Company does not maintain its relationships with Key Suppliers' main Business Accounts or its current privileges provided by these Suppliers, or if any of its Key Suppliers ceases its operations or is subject to any bankruptcy proceedings, or if any of the other factors described above were to materialize, the Company's business, results of operations, financial position, and prospects would be adversely and materially affected. For more information about the Key Suppliers, see Section 4.9.2.3.3 ("**Key Suppliers**").

2.1.4 Risks related to the Sustainability of the Company's Supplier Support Incentives

The Company's financial performance, particularly with respect to profitability, is largely dependent on the commercial terms agreed with its suppliers. In particular, the Company reduces its cost of revenues from Supplier Support Incentives under the terms of its contracts with its Key Suppliers that include incentive from business volume-based discounts paid by suppliers to the Company. For more information about Supplier Support Incentives and terms of the Key Suppliers' contracts, please refer to Section 12.6.1 ("**Key Supply Contracts**"). The level of Supplier Support Incentives may be subject to reductions in the future or volatility due to any adverse change in the market conditions. In addition, if the Company is unable to maintain its competitive position in the Saudi retail market, it would not be able to maintain the current commercial terms of its Supplier Support Incentives.

The financial condition of the Company's Key Suppliers may also deteriorate in the future due to a number of factors. At times, the economic conditions in the retail market in Saudi Arabia have been challenging and the pharmaceutical sector has been negatively affected as a result. Among other things, this may result in a reduction in the number of suppliers requesting promotional and advertising activities, which would lead to a reduction in profits of the Company from Supplier Support Incentives. If the financial condition of suppliers were to deteriorate, this could lead to a reduction in the Supplier Support Incentives generated by the Company. If the commercial terms of the Supplier Support Incentives were to change adversely for the Company, or should the Company cease to benefit from any of its competitive advantages, the Supplier Support Incentives or the negotiation strength it has historically enjoyed, then the profitability of the Company would be adversely impacted and the Company's business, results of operations, financial condition and prospects would be adversely and materially affected.

2.1.5 Risks related to increased volume of credit sales and receivables

The Company's dependence on deferred revenues from insurance companies or health service providers, whether private or government entities, is increasing, which may expose the Company to the risk of insurance companies or government entities refusing or delaying payment of claims made by the Company for health services provided to the customers of those clients. The Company's delay in collecting its financial claims from insurance companies and government entities or the failure of insurance companies and government entities to pay such claims in whole or in part, will limit the liquidity available to the Company, and thus will make it difficult for the Company to finance its working capital or future projects, which may result in the Company not being able to meet its financial liabilities to third parties, including liabilities to employees, suppliers, contractors, banks and other financiers. Moreover, this may limit the Company's ability to complete future expansion plans or may limit its ability to distribute dividends to its Shareholders. The occurrence of any of the above risks would have a material adverse effect on the Company's business, financial position, results of operations, and prospects, and could increase the risks associated with credit sales and limit the sector to a range of distinguished companies.

Health insurance companies are subject to sector-specific laws and regulations applicable in the Kingdom, such as the Cooperative Insurance Companies Control Law and its implementing regulations, and to the oversight of the Saudi Central Bank, which is responsible for regulating the insurance sector in the Kingdom, including matters relating to policies, rules, licensing, competition, investment provisions, service standards, technical standards, and settlement arrangements. The Company provides health services to Guests insured by insurance companies. In most such cases, the Company provides healthcare services to Guests and then issues the claims to be reviewed and audited by the relevant insurance company. Following such review, the claims are paid in accordance with the contractual terms of the agreements entered into between the Company and its Guests. Turnover from insurance companies represented 4.8%, 5.8%, 6.9% and 7.7% of Company's revenues for the financial years ended 31 December 2018G, 2019G, and 2020G, and the Six Month Period Ended 30 June 2021G, respectively. Reimbursements from insurance companies are subject to administrative rulings, interpretations of policy, implementation of reimbursement procedures, retroactive payment adjustments and changes to existing legislation, all of which may materially affect the amount and timing of reimbursement payments to the Company. Changes to the way insurance companies pay for the Company's services may reduce its revenue and profitability on services provided to its Guests, increase its working capital requirements, and impact its financial position.

In certain cases, the Company's claims may be rejected for administrative or technical reasons, the most important of which are:

- Failure to complete or submit the required documentation in accordance with contractual terms.
- Rejecting the nature of the health services provided to a Guest.
- Failure to re-submit the claims after initial rejection.
- Delays in issuing and submitting the claims on the part of the Company.

Rejected claims amounted to SAR 1,059,379, SAR 2,086,990, SAR 1,839,643 and SAR 611,098 for the financial years ended 31 December 2018G, 2019G, 2020G, and the Six Month Period Ended 30 June 2021G, respectively. The full or partial rejection of future claims made by the Company could have a material adverse effect on the Company's business, results of operations, financial position and prospects.

If insurance companies or health service providers are unable to meet their financial liabilities, in the event any of the insurance companies stop their business operations or undergo bankruptcy procedures, or otherwise if any of the preceding risk factors occur, that would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

The Company's total receivables amounted to SAR 105,914,000, SAR 139,141,000, SAR 98,499,000, and SAR 191,404,000 for the financial years ended 31 December 2018G, 31 December 2019G, and 31 December 2020G, and the Six Month Period Ended 30 June 2021G, respectively. Accordingly, there can be no assurance that the said situation will not recur in the future, as the Ministry of Health may update the approved laws and regulations, or change the policy of accepting referrals, which would have a material and adverse effect on the Company's business, results of operations, financial position, and prospects.

The average term of net receivables was 109 days, 99 days, 72 days and 85 days for the financial years ended 31 December 2018G, 31 December 2019G, and 31 December 2020G, and the Six Month Period Ended 30 June 2021G, respectively. Please refer to Section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" for further details about current assets, details of debtors, maturity, debt allocation, and the Company's policy on credit, collection, and writing off bad debt.

2.1.6 Risks related to the Company's strategy

The Company's future performance depends on its ability to implement its strategy as highlighted in Section 4.4 ("**The Company's Strategy**") of this Prospectus. Under its current strategy and as of the date of this Prospectus, the Company's strategy includes developing its Pharmacy network across Saudi Arabia, furthering its reach to Guests through Pharmacies and online service, expanding further into the UAE, scaling up services and Guests' shopping experience, boosting its strategic product categories and expanding health services through polyclinics, Express Clinics, labs and home healthcare.

However, there can be no assurance the Company will be successful in this regard. The successful implementation of the Company's plans 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 Pharmaceutical and Non-Pharmaceutical Product categories and new services 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 behaviours, new marketing strategies, and new business models;
- the Company's ability to maintain its relationships with local and international 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 Guests' 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;
- the ability of the Company to successfully develop new Private Label Products in response to perceived market opportunities and the degree to which new Private Label Products achieve market acceptance;
- the Company`s ability to successfully maintain, operate and further develop its online platforms, applications and website;
- 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;
- unfavorable economic, regulatory (including potential regulatory restrictions on products relevant to the Company), and market conditions, which are outside of the Company's control.

Furthermore, the Company's strategy depends on opening new stores and clinics, and therefore, the selection of new sites will have an impact on the success of its strategy. One of the risks to this strategy is "**cannibalization**" which occurs when a new store is opened, and most or some of the sales of this store are based on another pre-existing store's accounts, where a portion of the old store's Guests move to the new store due to its geographical proximity or ease of access. Therefore, the inability of the Company to carefully select sites for its new stores and clinics may lead to incurring unnecessary capital costs and higher operating expenses in return for a limited increase in sales.

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 expansion plans. Accordingly, the Company's results of operations may be negatively affected if any of these factors significantly delay, prevent or hinder the Company from opening and realizing the benefits from any of its new stores or clinics. There can be no assurance that the Company's product expansion 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 business has become increasingly complex in terms of both type and scale. Any future expansion may increase the complexity of its operations and place a significant strain on its managerial, operational, financial and human resources. 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. If the Company is unable to manage its growth effectively, its business and prospects may be materially and adversely affected.

In addition, there can be no assurance the Company will be successful in implementing its expansion strategy in jurisdictions outside of Saudi Arabia. In particular, any international expansion of the Company's operations will depend on several factors, including the Company's ability to expand into and operate successfully in new jurisdictions (such as GCC states), in respect of which the Company may not be familiar enough with the business cultures, local laws, regulations or customs.

Any of these factors would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.7 Risks related to the seasonality of revenues

The revenues of the Company, especially those generated in the Haramain Area, are subject to seasonal variations. In general, footfall and sales in Pharmacies are highest during public holidays and occasions (for example, prior to Eid Al-Fitr, Eid Al-Adha, National Day, etc.). In general, the Company's level of sales increases in the Haramain Area during Hajj and Umrah. The Company may not anticipate the extent of future seasonal changes in footfall and the volume of sales.

2.1.8 Risks related to identifying and leasing locations for new Pharmacies and Clinics on commercially acceptable terms

The Company's performance heavily depends on the location of its Pharmacies and Clinics. When selecting a site for a new Pharmacy or Clinic, Management takes into account various factors, including: population density; potential population growth rates; vehicle traffic; Guest accessibility; potential growth of population in the Kingdom; proximity and performance of competitors in the surrounding area; development potential and future development trends; estimated spending power of the population and local economy; profitability and payback period estimated on the basis of the expected sales potential; and marketing or strategic benefits.

The Company secures locations through lease agreements, as determined on a case-by-case basis. Going forward, the Company will need to secure more locations to open more Pharmacies as part of its plan to develop its network of Pharmacies across the markets in which it exists. The supply of locations for new Pharmacies in line with the Company's objectives may not be available or their commercial viability may change with the preceding factors. It should also be noted that competition to secure locations for new Pharmacies has intensified. In the event that the Company encounters difficulties in securing suitable locations consistent with its strategy, the Company's growth prospects would be adversely affected, which, in turn, would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

Moreover, the Council of Ministers Resolution no. 292, dated 16/05/1438H (corresponding to 13/02/2017G), stipulates that a lease contract that is not registered on the electronic network shall not be considered valid nor administratively and judicially enforceable. The electronic network for rental services was launched in cooperation between the Ministry of Justice and the Ministry of Housing on 17/05/1439H. The Ministry of Justice issued a circular thereafter approving the application of electronic network registration on all contracts concluded after 04/05/1440H (corresponding to 10/01/2019G). As at the date of this Prospectus, half of the Company's lease contracts has been registered on the online rental platform.

If it fails to comply with the terms of the lease contracts or otherwise fails to electronically register them, the Company could get involved in disputes that may result in it being evicted from the leased property, or being unable to issue or renew certain municipality licenses, which could result in disruptions to the Company's business in a given branch and in it incurring additional costs in searching for new suitable sites to rent and relocate to. This would adversely and materially affect the Company's business, results of operations, financial performance, and prospects.

2.1.9 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 (for more information about the Company's financial and operational performance, see Section 6.1 ("**Management Discussion and Analysis of Financial Position and Results of Operations**")), including, but not limited to, the increase in the wholesale cost 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.

Prolonged periods of cost inflation may also have a negative impact on the Company's profit margins and earnings to the extent such cost increases are not translated into increase in prices. 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 or could require it to sell inventory at a loss. It is also worth mentioning that the price of fuel and utilities and labor cost have increased in recent years. In addition, any further increase in Saudization of the Company's workforce requirements may lead to an increase in the Company's operational expenditure (for more information, see Section 2.2.2 ("**Compliance by the Company with the Saudization and other Labor Law Requirements**")). The Company's operating expenses and costs amounted to 90.8%, 89.4%, 89.3%, and 88.2% of the Company's total revenues for the financial years ended 31 December 2018G, 31 December 2019G and 31 December 2020G and the Six Month Period Ended 30 June 2021G, 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 existing branches and for future expansion. In turn, the Company's business, results of operations, financial position, and prospects would be adversely and materially affected.

Any increase in water, electricity, and fuel prices may also have an adverse impact on the Company's operating expenses. The Company's water and electricity expenses amounted to c.SAR 20,040,000 (representing 0.3% of revenue) during the financial year ended 31 December 2018G, c. SAR 20,321,000 (representing 0.3% of revenue) during the financial year ended 31 December 2019G, c. SAR 48,310,000 (representing 0.6% of revenue) during the financial year ended 31 December 2020G, and c. SAR 24,217,000 (representing 0.6% of revenue) during the Six Month Period Ended 30 June 2021G. Any similar price increases or potential increases in the future would have an adverse impact on the Company's operating expenses, which, if significant, would have a material adverse effect on the Company's operations, prospects, results of operations, and financial position.

2.1.10 Risks related to the Company's Healthcare Business

The quality of health services depends on several factors including, but not limited to, the effectiveness of diagnosis and treatment, the experience and accessibility of Health Practitioners, the availability of the most recent and highly developed medical and technical equipment, the state of health facility infrastructure, the manner in which Health Practitioners and other staff members treat patients, short waiting periods for patients, the provision of health services in accordance with applicable regulations, standards and professional protocols, billing and documenting health services in accordance with applicable regulations, and avoiding the need for repeat medical visits. The failure of the Company to provide or maintain the quality of health services provided to its patients would result in a material adverse impact on its reputation.

Additional risks associated with the Company's Healthcare Business include the following:

- Failure to maintain mandatory medical accreditations with respect to its existing Clinics including certificates by the Saudi Central Board for Accreditation of Healthcare Institutions.
- Any incidence of healthy individuals contracting infectious diseases at one of the Company's Polyclinics, which could lead to claims for compensation, reputational damage, and transmission to physicians and other staff which could limit the Company's ability to provide healthcare services.
- Any breach by Health Practitioners of the codes of professional conduct and internal rules regulating its Health Practitioners, which could result in fines or disciplinary penalties being imposed on the Company or its Health Practitioners.
- Not keeping up with rapidly advancing technological developments in the medical and healthcare sectors by upgrading equipment and devices to effectively compete in the sector.
- Medical errors committed by its health practitioners (for more information, see Section 2.1.11 ("**Risks related to Medical Errors**")
- Difficulties in recruiting and retaining qualified health practitioners and distinguished managerial staff (for more information, and Section 2.1.12 ("**Risks related to Difficulty in Attracting Qualified Health Practitioners**"))

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

2.1.11 Risks related to Medical Errors

Due to the nature and proposed expansion of the Company's healthcare services, the Company may be liable for medical errors committed by its health practitioners or by the failure of the Company to provide health practitioners with the necessary medical facilities and equipment as set out in the Law of Private Health Institutions, whereby legal claims or actions may be filed against the Company and may involve significant amounts claimed for various reasons.

The Company maintains malpractice insurance with respect to all health practitioners it employs. In addition, the Company may not be able to obtain compensation for the costs of legal actions, claims, fines and compensation judgments issued by the competent court from the relevant insurance companies since the insurance cover obtained by the Company does not cover the full amounts or costs that the Company must pay to patients affected by medical errors or claimants or if the terms and conditions of the relevant insurance policies are not met. The Health Professions Regulations further stipulate that it is the responsibility of the health establishment to guarantee the payment of compensation due as a result of a final judgment against its employees. It is possible that the Company may incur expenses and or be required to pay compensation in the case of absence of insurance cover, the existence of insurance coverage exclusions, insufficient insurance coverage with respect to the amounts payable to those affected persons, or if it is not possible to insure against the resulting incident or damage.

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

2.1.12 Risks related to difficulty in attracting qualified health practitioners

The Company's business and activities at its Pharmacies and Clinics are dependent on highly qualified health practitioners and managerial staff. The reputation of the health practitioners who provide medical services at the Company's facilities, their communication abilities and their ability to establish close relationships with Guests are necessary factors that allow the Company to provide optimal services to its Guests. However, due to the limited number of qualified health practitioners and managerial staff in Saudi Arabia, hiring qualified staff is one of the difficulties that the Company faces. Furthermore, the Company competes with other health service providers inside and outside the Kingdom with respect to hiring and retaining qualified health practitioners and managerial staff. Health practitioners weigh a number of factors when making a decision about employment, including with respect to salaries, allowances, working hours, quality of health equipment and facilities at the provider, quality of the nursing and managerial staff, work environment and provider's reputation. Should the Company be unable to compete with other medical service providers in all of the above-mentioned aspects, it may not be able to recruit and hire the best medical competencies for its various medical facilities. Furthermore, political factors in the neighboring countries to the Kingdom or in the region may affect the willingness of non-Saudi national Health Practitioners to work in the region.

The difficulty of recruiting Saudi or non-Saudi Health Practitioners and managerial staff may force the Company to offer higher salaries than those paid in other countries or by other providers, which will affect the Company's profit margins. Additionally, there are a number of legal requirements that must be completed for the recruitment process which can be lengthy in nature, and include, but are not limited to: the issuance of work visas (for non-Saudis), compliance with the policies, regulations and Saudization rates issued by Ministry of Human Resource and Social Development, registration and classification of Health Practitioners by the Saudi Commission for Health Specialties, issuance of professional licenses for Health Practitioners, or completion of the regular training imposed by the Saudi Commission for Health Specialties. The Company's inability to meet such requirements may limit its ability to recruit and retain qualified Health Practitioners and managerial staff. Therefore, the Company does not guarantee that it will be able to recruit competent Health Practitioners or qualified managerial staff, or that they will receive the same degree classification for which they have been recruited for by the Saudi Commission for Health Specialties. Therefore, the Company may not be able to perform its business as required or may not be able to provide high-quality medical services, which would adversely affect the Company's reputation, business, financial position, results of operations and prospects. (Please refer to section 4.11 "**Saudization Requirements**" for further details on Saudization).

2.1.13 Risks related to the Company's Related Party Transactions

The Company maintains ongoing and close business relationships with several Related Parties. In particular, the Company entered into contracts with Related Parties, including contracts for lease, provision of services, labor, and provision of administrative services.

The Company's total value of rents from Related Parties amounted to SAR 10,672,982.85, SAR 14,645,956, SAR 13,687,096.73 and SAR 6,726,680.92 for the financial years ended 2018G, 2019G, 2020G, and the Six Month Period Ended 30 June 2021G, respectively.

The value of the car rental agreement concluded with Al-Jazira Equipment Co. Ltd. (AutoWorld) amounted to SAR 0, SAR 215,128.66, SAR 228,243.90 and SAR 98,785.00 for the financial years ended 2018G, 2019G, 2020G, and the Six Month Period Ended 30 June 2021G, respectively. The value of the product transportation agreement concluded with Al-Nahdi Transport Company amounted to SAR 8,622,513.83, SAR 10,375,359.38, SAR 11,620,395.83, and SAR 5,712,426.92 for the financial years ended 2018G, 2019G, 2020G, and the Six Month Period Ended 30 June 2021G, respectively. For a summary of the Company's transactions with Related Parties, see Section 12.8 ("**Transactions and Contracts with Related Parties**").

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 agreements, 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 other contracts on the same terms or on terms favorable thereto. Which would have an adverse and material effect on the Company's business, results of operation, financial position, and prospects.

2.1.14 Risks related to the Company's smart phone applications, online e-commerce platform and related online advertising activities

The Company uses its 'NahdiOnline' e-commerce platform and its 'Nahdi App' online smart phone applications to enable online sales of its products to Guests. For the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the Six Month Period Ended 30 June 2021G, the Company generated 0.8%, 3.4%, 7.9% and 9.4% of its total revenues, respectively, through sales via the 'NahdiOnline' e-commerce platform and 'Nahdi App' together. In addition, the Company relies on a variety of other media for promotional activities, including social media (such as Facebook, Instagram, Twitter and YouTube) and national television advertisement campaigns to promote its brands.

The healthcare, e-commerce and online healthcare service industries in Saudi Arabia are relatively new and it is uncertain whether such industries would achieve and sustain high demand, consumer acceptance and market reaction. Although the Company's online, smart phone and e-commerce sales platforms have grown in recent periods, there can be no assurance that the Company will be able to achieve similar results or grow at the same rate as in the past or at all.

The operation of the Company's smart phone applications and online platforms carries a number of risks. In particular, there can be no guarantee that the Company will be able to obtain the necessary technical support to operate them or that such technical support will continue to be available on acceptable commercial terms in the future. Moreover, the e-commerce sector is growing rapidly in Saudi Arabia and is therefore exposed to a number of risks, including the potential introduction of new regulatory restrictions in respect of online commercial activities under the E-Commerce law and its implementing regulations. The Company may not be able to comply with such laws and regulations in a timely manner, which may expose the Company to regulatory sanctions and fines, such as warnings, financial penalties that do not exceed one million Saudi riyals, or a temporary or permanent prohibition on the Company from conducting its business. If any of the foregoing risks were to materialize, this would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.15 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, commercial registration certificates for the Company and its branches issued by the MoC, licenses issued by the MOH for each of the pharmacies, licenses issued by the Council of Cooperative Health Insurance, licenses issued by and registrations made with the SFDA, civil defense permits, membership certificates with the relevant chambers of commerce, trademark registration certificates, Saudization and GOSI certificates in each case relating to the business operations of the Company. See Section 12.5 ("**Government Consents, Licenses and Certificates**") for further information. In addition, the Company is subject to ongoing reviews and assessments by MOH, the SFDA and the Saudi Commission for Health Specialties and CCHI.

In order to operate a new Pharmacy or Clinic, the Company must obtain various permits, licenses, certificates and other approvals from the relevant authorities. These include, the MOMRAH licenses, MOH licenses, civil defense permits and other. Operation of the Company's distribution centers requires an SFDA license. Each approval is dependent on the satisfaction of certain conditions. The Company could encounter problems in obtaining 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 pharmaceutical and healthcare sector in general or the particular processes with respect to the granting of necessary approvals.

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 which 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 expires or is suspended, or renewed under unfavorable conditions 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 fines up to SAR 100,000 from the MOH, SAR 30,000 from the civil defense or SAR 5,000 from MOMRAH for each infringing location. Additionally, the Company may be subject to sanctions issued by the SFDA and by the National Center for Environmental Compliance, if it does not obtain an environmental license or permit, prior to operating its Distribution Centers, including fines up to SAR 20,000,000, or the suspension of the license or permit for a period not exceeding six months for each infringing branch, or the cancellation of such license or permit. This 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, financial condition and results of operations.

2.1.16 Risks related to the regulatory requirements imposed by the SFDA

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 Pharmaceutical and Herbal Establishments and Preparations Law, issued by Royal Decree no. M/108 dated 22/08/1440H and its implementing regulations govern the activities related to licensing pharmacies and warehouses, as well as the manufacturing, storage and pricing of pharmaceutical preparations (drugs).

Should it fail to observe the SFDA's standards or the laws and regulations governing drugs pricing and storage, the Company could be subject to penalties, including a maximum fine of SAR 500,000, or the cancellation of the license granted thereto, both of which would materially affect the Company's business, financial position, results of operations, and prospects.

2.1.17 Risks related to quality or health issues affecting the Company's products

Concerns regarding the safety of products stored at the Company's Distribution Centers or the safety and quality of the Company's supply chain could cause the Company's Guests to avoid purchasing certain products from 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 Guests 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 Company's operational controls and employee training may not be effective in product tampering and other product-related safety and shelf-life issues that may affect its operations.

The Company may also be liable or subject to administrative penalties for counterfeit, substandard or unauthorized products sold thereby, or for products sold through, or infringing content posted on its e-commerce platform that infringe on third-party intellectual property rights, or for other misconduct. The Company sources its products from various suppliers. In the event that counterfeit, substandard, unauthorized or infringing products are sold through, or infringing content posted on the Company's platform, the Company could face liability claims. Irrespective of the validity of such claims, the Company could incur significant costs and efforts in either defending against or settling such claims. If there is a successful claim against it, the Company might be required to pay substantial damages or refrain from further sales of the relevant products. Moreover, such third-party claims or administrative penalties could result in negative publicity, and the Company's reputation could be severely damaged. Any of these events would 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 do not meet its quality standards, whether for taste, appearance, or otherwise, 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 condition, results of operations or prospects may be materially adversely affected.

Incidents related to the safety and quality of the products or ingredients displayed in the products may occur in the future, which may result in product liability claims, product recalls, negative publicity, fines or closure of the branches, and materially and adversely affect the Company's reputation, business, financial condition, results of operations and prospects.

2.1.18 Risks related to failure to adequately protect Guest confidential health information.

Part of the Company's operations involve the receipt or use of protected health information concerning Guests. There is substantial regulation in Saudi Arabia addressing the use, disclosure and security of the Guests' confidential identifiable health information. This includes an extensive requirement governing the transmission, use and disclosure of health information by all participants in health care delivery, including physicians, hospitals, insurers and other payors. Failure to comply with standards issued pursuant to prevailing regulations may result in criminal penalties and civil sanctions. Further, future regulations and legislation that severely restrict or prohibit our use of the Guest identifiable or other information could limit our ability to use information critical to the effective operation of our business. If the Company violates a Guest's privacy or is found to have violated any regulation with regard to confidentiality or dissemination or use of protected health information, the Company could be liable for material damages, fines or penalties, as stipulated in the laws, and suffer reputational harm, each of which would have a material adverse effect on the Company's business, results of operations and prospects.

2.1.19 Risks relating to protecting certain trademarks on which the Company relies

The Company has registered 55 trademarks in Saudi Arabia on which it relies, details of which are set out in Section 12.11.1 ("**Trademarks**"). In the event the Company is unable to register or renew its trademarks, or in the event a third party objected to the registration of a trademark, this would affect the Company's operations, financial condition and results of operation. The competitive position of the Company depends on its ability to continue using such trademarks and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties.

In the event the intellectual property rights related to the Company's trademarks are infringed, including as a result of unauthorized use or a failure to protect such rights by the competent authorities in accordance with the regulations of the relevant countries, it may face costly litigation and the diversion of technical and management personnel. Furthermore, the outcome of a dispute may require the Company to enter into royalty or licensing agreements, which may not be available on terms favorable to the Company, or at all. Any of the above would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

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

The Company's success depends significantly on the continuous and smooth operation of its Pharmacies, Clinics and Distribution Centers. The operation of the Company's Pharmacies, Clinics and Distribution Centers is prone to a number of risks, including physical damage to buildings, power failures, disruption of medical 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.

In respect of its Distribution Centers, the Company may not be able to replace them in a timely manner, should any of the foregoing occur. Furthermore, the leases for the Company's Pharmacies, Clinics and Distribution Centers 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 Pharmacies may occur for reasons such as government restrictions intended to protect public health and safety, such as curfews, or for any other purpose, that may impact the Company's delivery drivers; a failure of the Company's branch system to perform adequately; 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 Guests due to disruptions to the Company's supply chain. These interruptions may also disrupt product availability and in-stock management, which could result in reduced sales or an increase in costs and affect adversely and materially the Company's business, results of operation, financial position, and prospects.

If there were significant interruptions of operations at one or more of Pharmacies, Clinics and Distribution Centers, the Company's revenues and profitability will be affected, which would adversely and materially affect the Company's business, results of operation, financial position, and prospects.

2.1.21 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) 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; the temporary suspension of visas to foreign religious tourists intending to visit Makkah and Madinah for Hajj and Umrah; the temporary restriction on all Saudi residents Hajj and Umrah pilgrims from visiting Makkah and Madinah; and the temporary suspension of all flights (international and domestic) and inter-urban bus, taxi, and train service.

These measures directly affected the Company's business. The Company's online revenue increased as a result of the lockdown and curfew/quarantine restrictions, from SAR 19.6 million in FY19G to SAR 97.7 million in FY20G. The volume and revenue from the sales of personal protection equipment (masks, gloves, and sanitizers) increased. Revenue derived from Pharmacies decreased in Makkah and Madinah due to the suspension of Hajj and Umrah during FY20G, as the revenue derived from the Haram Pharmacies decreased from SAR 198.4 million in FY19G to SAR 50.5 million in FY20G. Moreover, the closure of Pharmacies located in airports and train stations decreased from SAR 27 million in FY19G to SAR 13.4 million in FY20G due to the travel restrictions. For further information, please refer to Section 6.6.1 ("**Consolidated Statement of Profit or Loss and Other Comprehensive Income**").

In the event that there was a further increase in the spread of COVID-19, it is difficult to estimate the potential impact that this might have on the Kingdom's economy and the business operations of the Company, and could make the Company vulnerable to risks 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 in the Kingdom. Moreover, it is likely that any containment measures (such as those outlined above) will have a material and adverse effect on the Saudi economy and investor and business confidence to an extent difficult to predict. This would, in turn, materially and adversely affect the Company's business, results of operation, financial position, and prospects.

2.1.22 Risks related to renovation and redevelopment of the Company's Pharmacies

The Company's existing Pharmacies require ongoing renovation, expansion, improvement and / or redevelopment to maintain an attractive appeal to, and continued demand from, the Company's Guests. In general, the Company carries out renovations and maintenance work to its Pharmacies during the course of the year. However, it carries out full-scale refurbishment only when it is expected to have a positive and material impact on the revenue of the relevant Pharmacies. For further information, please see Section 4.9.2.2.4 "**Renovation and Pharmacy Expansion**".

As the pharmaceutical industry in Saudi Arabia evolves, Guests may develop different expectations, tastes and preferences. The Company's existing Pharmacies may not be adaptable to meet such expectations. Any such renovations in the Pharmacies may also result in a temporary or partial loss of revenue by the Company while renovations works are carried out in the relevant Pharmacies. Moreover, the increase of costs may lead to a decrease in the Company's operating income, which would adversely and materially affect the Company's business, financial condition, results of operation and prospects.

If the Company does not undertake renovation works where required or appropriate, this could adversely impact the financial performance of those Pharmacies. In addition, even where such renovations are implemented, the Company's existing Pharmacies may not be able to compete effectively with newer Pharmacies. In addition, the costs of Pharmacy renovations may exceed projected capital expenditures, which would affect the Company's budget, and adversely and materially affect the Company's business, financial condition, results of operation, and prospects.

2.1.23 Risks related to the Company's delivery, return and exchange policies

The Company has adopted product return and exchange policies in accordance with the Consumer Protection Regulations, issued by the Ministry of Commerce, permitting the return and exchange of certain products under certain circumstances. The Company may also be required by applicable laws to adopt new or amend existing return and exchange policies from time to time, which could result in additional costs and expenses which the Company cannot pass on to Guests. The Company's ability to handle a large volume of returns is unproven. If the Company revises these policies, or in the event that new regulations governing return and exchange policies are issued, the Guests may be dissatisfied, which may result in loss of existing Guests, failure to acquire Guests at a desirable pace, or increase of the Company's costs, which may materially and adversely affect the Company's results of operations, financial position, and prospects.

It should be noted that the majority of products sold by the Company are generally returnable without reason in accordance with Company policies. If the Company's product return rates increase or are higher than expected, the Company's revenues and costs can be negatively impacted. Furthermore, as the Company may be unable return some products to its suppliers pursuant to its contracts with them or if return rates for such products increase significantly, the Company may experience an increase in its inventory balance, inventory impairment and fulfillment cost, which may materially and adversely affect the Company's working capital. As a result, the Company's business, financial position, results of operations and prospects would be materially and adversely affected.

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

The Company's success depends upon 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 pharmaceutical and 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 pharmaceutical and 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 the 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 which 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 would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

2.1.25 Risks related to the Company's current financing arrangements

The Company has entered into financing facilities with the Saudi British Bank (SABB) dated 17/01/2021G for SAR 259,960,000, financing facilities with Bank AlJazira dated 22/12/2020G for SAR 200,000,000 and financing facilities with the Saudi National Bank (SNB) dated 02/02/2021G for SAR 100,000,000 (which expired on 31 August 2021G, and is currently under renewal) (the "**Finance Documents**") (for more details in relation to these facilities, please refer to Section 12.9 ("**Credit Facilities and Loans**")).

There are a number of provisions in the finance documents which grant unrestricted termination rights to the banks, together with unilateral amendment rights such as the right to amend any provisions of the finance documents, amend, cancel, or reduce the facilities, amend the relevant rates and demand repayment of all outstanding amounts regardless of the occurrence of an event of default. In addition, the banks have broad set off rights against the Company's accounts and assets, which may affect the Company's available cash flow should a bank choose to exercise their set-off rights, together with broad cross-default provisions and obligations for the Company to provide additional security or sign additional guarantees or order notes. The finance documents also contain provisions that oblige the Company to obtain the approval of the banks before effecting any changes to its ownership or legal form. On 14/11/2021G, the Company obtained the approval of Bank AlJazira to change the ownership of its shares and its legal form. Kindly note that the Company is in the process of obtaining the same from SNB.

In the event of non-compliance with any provisions set out in this section, the relevant bank would have the right to take any steps to preserve its rights such as accelerating the payment of the amounts due and terminate the facilities. The Company may also not be able to obtain alternative sources of financing to repay such debts, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

Additionally, the Company may need additional funds to address the challenges it may face in the course of its business operation, implement its growth strategy, increase its market share across its current markets, expand into other markets, or expand its product offering. The liquidity generated from the Company's current operations and financial resources may not be sufficient to fund its growth strategy, and thus the Company may seek to increase its capital, or may increase its indebtedness.

If the Company is not able to obtain sufficient funds when needed or under favorable terms, or otherwise if the Company becomes unable to pay its debts when they fall due, the Company's ability to run its business or achieve the intended growth rate would be adversely affected, which would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

2.1.26 Risks related to the Company's implementation of a newly adopted corporate governance manual

The Board approved a corporate governance manual on 22/03/1443H (corresponding to 28/10/2021G), which includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in properly implementing the corporate governance rules and procedures will depend on the extent of the comprehension and understanding of these rules as well as the proper execution of such rules and procedures by the Board, its committees and Senior Executives, especially with regards to the formation of the Board and its committees, independence requirements, as well as rules related to conflict of interests and Related Party Transactions.

Article 23 of the Corporate Governance Regulations also requires the adoption of a written and detailed policy, defining the powers delegated to the executive management, and a table clarifying such powers. On 29/08/1437H (corresponding to 05/06/2016G), the Board of Directors approved the authority tables governing the specialization and delegation of powers and authorities between the Board and the Senior Executives. Failure to comply with the governance rules, especially the mandatory rules derived from the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties and would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

The Company formed both the Audit and Risks Committee and the Nomination and Remuneration Committee before converting into a joint-stock company. The Ordinary General Assembly amended the the Audit Committee Charter on 06/07/1443H (corresponding to 07/02/2022G) and appointed the Audit Committee, consisting of three (3) non-executive members, on 06/07/1443H (corresponding to 07/02/2022G). The Board of Directors formed the Nomination and Remuneration Committee on 22/03/1443H (corresponding to 28/10/2021G). For further details, please see Section 5.2 ("**Board Committees**"). Failure by members of these committees to perform their duties and adopt a work approach that ensures protection of the interest of the Company and its Shareholders may affect corporate governance compliance, the continuous disclosure requirements, and the Board's ability to monitor the Company's business through these committees. That would have a material adverse effect on the Company's business, financial position, results of operations, and prospects.

Any future inability of such committee members and independent members to carry out the tasks assigned thereto and follow a work methodology that ensures the protection of the interests of the Company and the Shareholders may affect the implementation of Governance Regulations and the efficiency of the Company's Board of Directors control over the management of its business through such committees. This may expose the Company to potential non-compliance with continuous disclosures after listing requirements on the one hand, and to operational, administrative and financial risks on the other hand. Consequently, this would have a negative and material impact on the Company's business, results of operations, financial position, and prospects.

2.1.27 Risks related to Management's lack of experience in managing a publicly listed company

The Senior Executives have limited or no experience in managing a public 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 would have a material adverse effect on the Company's business, financial condition, results of operations, or prospects.

2.1.28 Risks related to reliance on supply and support from third party service providers

A significant proportion of the products sold at the Pharmacies and equipment and devices used at the Clinics are imported from international suppliers. Accordingly, the Company relies on third party shipping and logistics companies in securing delivery of products and equipment to its Distribution Centers. The Company is also dependent on the services of various other third party service providers for its operations in Saudi Arabia, including vehicle leasing and, to a limited extent, maintenance of refrigerators in Distribution Centers. In particular, the Company's products are delivered from its Distribution

Centers to the designated Pharmacy by trucks. Depending on the nature of products, there are certain temperature specifications for the transport of those products. In the event that the products are not stored properly for the duration of the trip, this may lead to the products being unfit for offering them to the Guests.

Consequently, the ability of the Company to maintain consistent levels of inventory for all its products 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.

2.1.29 Risks related to the adequacy of insurance coverage

The Company maintains insurance policies covering all risk property, general third party liability, theft of cash amounts, fidelity guarantee, and medical malpractice insurance (for more information about insurance policies maintained by the Company, see Section 12.9 "**Insurance**"). There is no guarantee that these insurance policies will be adequate at all times and in all circumstances, or that the limit of insurance coverage will be sufficient in all events to pay for the claims relating to the insured risks. 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 would cause the Company to be liable for paying for accident related losses, which would also have a material adverse effect on the Company's business, its operating and financial results and its prospects

Future events might occur for which the Company might not have adequate insurance coverage to cover all potential losses, or might not be insured against it at all, such as risks resulting from acts of aggression, political risks, war and sabotage. In addition, the Company's present insurance policies contain coverage exclusions or limitations. The current insurance policies might also be unavailable in the future. Accordingly, the losses and liabilities resulting 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 share price, and would also 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.

2.1.30 Risks related to interruptions in the Company's IT network or cloud systems

The provision and application of IT is an important competitive factor in the pharmacy and healthcare industries. The Company's ability to attract and retain Guests, to accurately monitor its operations and costs, and to compete effectively depends upon the sophistication and reliability of its IT network and availability of its cloud services, and, in particular, its bespoke IT management system for tracking all transactions completed at the Company's branches. In addition, the Company's information and disaster recovery systems are necessary for a number of important areas relating to its business, including the Retail Merchandising System (RMS) which helps the Company with inventory management, and the ERP system.

External and internal risks, such as malware, code anomalies, attempts to penetrate 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 Guest 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 a breach of consumers, employees' and Guests' data privacy and security. Any such breach may result in a divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to 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 preserving 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 Guest behavior in a way that would impact the Company's ability to retain current Guests or attract new Guests, which would materially and adversely affect the Company's business, financial condition, internal operations (e.g. logistics, inventory and management), results of operation, 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, would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.1.31 Risks related to cash theft

In 2020G, approximately 30% of all Guest purchases from Pharmacies were settled by Guests using cash. The Company also collects cash from approximately 83% of pharmacies through money transfer companies (Cash in Transit ("**CIT**")). Cash is collected periodically (not exceeding one week) from Pharmacies and then deposited into the Company's bank account. There is a risk that cash received by the Company could be subject to theft by employees working at the Company's Pharmacies and Clinics or by third parties. In view of the high volume of cash transactions in the operation of the Company's business, any incident of theft or other losses that may occur would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

2.1.32 Risks related to litigation involving the Company

The Company, its Directors or officers may become involved in lawsuits and regulatory actions with parties including suppliers, employees, competitors, Guests, regulatory authorities, consumers or owners of lands leased to the Company for its operations.

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

As at the date of this Prospectus, the Company is party (as plaintiff and defendant) to a number of non-material lawsuits that arose in its normal course of business. The total value of these non-material lawsuits is estimated at 18,118,276 Saudi Riyals. (For further details, please refer to Section 12.12 ("**Litigation**")).

2.1.33 Risks related to ownership and title disputes relating to the Company's properties

Real estate ownership in Saudi Arabia gives rise to a number of issues, in particular disputes over ownership and title given the absence of a centralized land registry. Given that indefeasibility of title does not yet exist in Saudi Arabia, various types of historical evidence are relied upon to identify and prove ownership of land, such as court judgments, sale agreements and historical deeds. Given that not all relevant historical evidence may be available in every case, there is often a residual risk of future ownership disputes. For example, if a historical seller had sold a property to another purchaser prior to selling it to the Company, even if such historical sale was not registered, the other purchaser may still have a claim against the Company over a given property. Accordingly, clear title may not be established in respect of all of the owned properties in which the Company operates its branches. Furthermore, legal disputes might arise in connection with these properties, which disputes may call into question the Company's ability to own or occupy the subject Properties and may, in some cases, cause the Company to lose title to a property it owned. Such disputes and questions about title may materially impact the value of the underlying properties, may cause the Company to cease its operations on a particular property and would otherwise adversely affect the Company's business, financial position, results of operations, and prospects.

2.1.34 Risks related to inventory levels

The Company had a total inventory (net of provisions) valued at SAR 1,131,927,417; SAR 1,133,868,281; SAR 1,180,965,542 and SAR 1,146,130,852 representing 42.1%, 27.1%, 24.7% and 23.8% of the Company's total assets as of 31 December 2018G, 31 December 2019G and 31 December 2020G and the Six Month Period Ended 30 June 2021G, respectively. The Company made provisions of SAR 88,454,000, SAR 90,979,000, SAR 195,171,000 and SAR 171,012,000 as at 31 December 2018G, 31 December 2019G, 31 December 2020G and the Six Month Period Ended 30 June 2021G, respectively. The Company's policy is to seek to maintain an optimal level of inventory 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 Guests. The Company also reviews inventory control methods and procedures periodically in order to minimize spoilage and overstocking of merchandise. The inventory wastage percentage was 0.7%, 1.0%, 1.3% and 0.5% of total Company inventory as at 31 December 2018G, 31 December 2019G, 31 December 2020G and the Six Month Period Ended 30 June 2021G, respectively. On the other hand, the inventory shrinkage percentage was 1.3%, 1.4%, 1.1% and 0.3% of the total inventory of the Company as at 31 December 2018G, 31 December 2019G, 31 December 2020G and the Six Month Period Ended 30 June 2021G, respectively. The Company incurred inventory wastage amounting to SAR 8,831,000, SAR 11,863,000, SAR 17,045,000 and SAR 5,955,000 for the year ended 31

December 2019G, 31 December 2020G, 31 December 2021G, and the Six Month Period Ended 30 June 2021G, respectively. The Company incurred inventory shrinkage amounting to SAR 16,202,000, SAR 16,819,000, SAR 14,500,000 and SAR 4,450,000 for the year ended 31 December 2018G, 31 December 2019G, 31 December 2020G, and the Six Month Period Ended 30 June 2021G, respectively, due to a surplus in stock levels that led to the Company's inability to move its products as expected, as well as wastage in Stores.

If the Company is not able to maintain optimal stock levels and monitor inventory periodically, this would lead to a severe decrease or an excess in inventory levels, leading to the Company's inability to meet consumer requirements, or sell products, which would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.1.35 Risks related to the Company's revenue growth rates

The Company's revenues consist of revenue from pharmacies and clinics, which are affected by various factors (please refer to section 6 "**Management Discussion and Analysis of Financial Position and Results of Operations**" for further details on the financial and operational performance of the business sectors and the factors affecting them). In addition, such sectors are subject to many of the risks mentioned in this section of this Prospectus, which, if they were to occur, may affect the business of such sectors and hence the Company's revenue growth rates. 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 KSA may decline or the Company may be forced to cut back on healthcare services with resulted decrease in the Company's revenues as a whole, which would have a material adverse effect on the Company's business, results of operations, financial position, and prospects.

2.2 Risks Relating to the Market, Industry and Regulatory Environment

2.2.1 The impact of political and economic risks on the Company's operations

The majority of the Company's operations are located in Saudi Arabia, and the Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia'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. Economic growth in the Kingdom has also slowed in recent years. Saudi Arabia is also facing the challenge of relatively high levels of population growth. All such conditions will have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial position, results of operations, or 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 Arabian 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, many countries in the Middle East suffer from political or security instability at the present time. 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, would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

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, depress economic activity, and have a material adverse effect on the Company's businesses, operating results, cash flows and prospectus.

2.2.2 Risks related to the increasing competition in the industry which the Company operates

The pharmaceutical and healthcare sectors in Saudi Arabia are highly competitive, and the Company expects such competition to increase and intensify in the future. The Company faces competition from pharmaceutical retail companies (such as traditional offline pharmacies and online platforms), large supermarket retailers, large healthcare providers and companies that offer online healthcare services. These companies may have greater financial, technical, research and development, marketing, distribution, retail and other resources than the Company. 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 evolvement. Furthermore, as the Company expands into other markets, it will face competition from new competitors, domestic or foreign, who may also enter markets where the Company currently operates or will operate.

The Company competes with other retailers in Saudi Arabia and other key markets, based, among other things, on the following elements: (1) prices of Non-Pharmaceutical Products; (2) the degree of brand recognition for the quality of services and products; (3) efficiency of delivery services, including the speed at which online orders are fulfilled; (4) reputation and quality of the brands, merchandise and products offered; (5) quality of Guest service; and (6) ability to understand and respond to Guest 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 condition, including, among other things:

- adoption of aggressive pricing strategies, availability of popular product mix and application of innovative sales methods by the Company's existing or new competitors;
- entry by new competitors into the Company's current and future markets and increased competition from other international and local players, including other wholesalers;
- the launch of e-commerce or online shopping platforms by new local and international competitors which sell products in the same Product Categories as the Company;
- 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 suppliers establishing their own stores; and
- securing agreements with Key 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 products and 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 condition and results of operations may deteriorate significantly if it fails to compete effectively. The occurrence of any of these events would adversely and materially affect the Company's business, results of operations, financial condition and prospects.

2.2.3 Risks related to failure to anticipate or appropriately adapt to changes or trends within the pharmacy retail industry

The pharmacy retail sector is growing and evolving rapidly in Saudi Arabia and worldwide. Any significant shifts in the structure of the sector or the healthcare products and retail industry in general could alter industry dynamics and adversely affect Company ability to attract or retain Guests. Among other things, these changes or trends could be due to a new entrant in the pharmacy retail business, changes in the distribution model of drugs (from traditional distribution channels to online platforms). The Company's failure to anticipate or appropriately adapt to any of these changes or trends, none of which are within its control, would have a significant negative impact its competitive position and materially adversely affect its business, results of operations, financial condition and prospects.

2.2.4 Financial risks related to the fluctuation of currency exchange rates

The Company imports certain products from suppliers outside the Kingdom in foreign currency (primarily in US Dollar). Imported purchases represent 3%, 4%, 9% and 5% of the total gross purchases by the Company for the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the Six Month Period Ended 30 June 2021G, respectively. As part of the Kingdom's policy, the Saudi Riyal is, as at the date of this Prospectus, pegged to the US dollar at an exchange rates of SAR 3.75/USD 1.00. However, there is no guarantee that the Saudi Riyal will remain stable against the US Dollar. Any deflation of the Saudi Riyal against foreign currencies (including the US Dollar) will lead to an increase in the Company's operating costs. If the Company is unable to pass on any increases in operating costs caused by the deflation of the Saudi Riyal to Guests through higher prices, this in turn would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

2.2.5 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 would have a material and adverse effect on the Company's relationships with its suppliers, revenues, financial position, results of operations, and prospects.

2.2.6 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's branches and its business may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof, in Saudi Arabia, including in particular those with application to the pharmaceutical and healthcare sectors 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 pharmaceutical distribution 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 and services segment, such as the importation and sale of pharmaceutical products) is heavily regulated. The Company's Express Clinics and pharmacies 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 of services;
- conduct of operations;
- addition of facilities and services;
- adequacy of medical care, including required ratios of nurses;
- quality of medical equipment and services;
- qualifications of medical and support personnel;
- confidentiality, maintenance and security issues associated with health-related information and medical records;
- increase of minimum wage rates for some medical professions, such as pharmacists; and
- the handling and disposal of medical waste.

The Company is unable to anticipate changes in the regulatory environment and therefore could be subject to fines and sanctions, which would materially and adversely affect the Company's business, results of operations, financial position, and prospects.

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

The Saudization and Nitaqat programs were adopted pursuant to the Ministerial Resolution no. 4040 dated 12/10/1432H (corresponding to 10 September 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 local regulatory requirement necessitating that all companies carrying out business in Saudi Arabia, including the Company, 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 with Saudization resolutions. As at the date of this Prospectus, the Company has been classified based on its various entities, with its pharmaceutical entity classified under the medium green category (with Saudization Rate of 28%) and its wholesale and retail entity classified under the high green category (with Saudization Rate of 47%), 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 observing the Saudization requirements. On 08/06/1441H (corresponding to 03/02/2020G), the Ministry of Human Resources and Social Development issued Ministerial Resolution no. 109044 to nationalize the pharmaceutical sector, effective as of 01/12/1442H (corresponding to 11/07/2021G). Accordingly, the Company is committed to drawing up employment plans in an effort to achieve the specified Saudization Rates, provide the required personnel, and employ the required number of Saudi or non-Saudi employees to achieve its objective. 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 which 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 4.10 ("**Employees**"). 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 case of repeated violations.

In addition, under the Saudi Labor Law, each foreign employee must carry out the job function stated on his / her Iqama. 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 would adversely affect the Company's business, results of operations, financial position, and prospects. For further details, please refer to Section 4.11 ("**Saudization Strategy**").

2.2.8 Risks related to changes in importation laws and regulations

The Company imports products and medical devices and equipment. The Company's imported purchases represent 2.6%, 3.8%, 8.9% and 4.6% of the total gross purchases for the financial years ended 31 December 2018G, 31 December 2019G and 31 December 2020G and the Six Month Period Ended 30 June 2021G, respectively. 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 20%, anti-dumping duties or customs tariffs and other measures, whether adopted by countries or by regional trade blocs, it is possible that will 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 towards 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 would have a material adverse effect on the Company's, financial condition, results of operations, and prospects.

2.2.9 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 KSA). However, the government may impose other fees or additional taxes on companies in the future. In the event that new taxes or fees are imposed on companies, other than the current ones, this may adversely and materially affect the Company's business, financial condition, results of operations, and prospects.

For example, any potential future VAT increase may reduce the level of demand for the Company's products or affect its profitability, which would have a material adverse impact on the Company's business, financial position, results of operations, and prospects.

2.2.10 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 Gulf 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 in accordance with 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 study, as are the rules imposing income tax on all non-Gulf 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 would adversely affect the Company's business, results of operations, financial position, and prospects, as well as the Share price.

2.2.11 Risks related to Zakat

From its formation until the financial year ended 31 December 2020G, the Company and its subsidiaries filed their Zakat declarations on a standalone basis and paid related liabilities when due. The Company and its subsidiaries obtained Zakat certificates from ZATCA for all years until the year ended 31 December 2020G, valid until 30 April 2022G.

Zakat position of the Company:

- The Company finalized and paid all its Zakat liabilities since its launching and until 2009G.
- The Zakat, Tax and Customs Authority issued Zakat assessments for 2010G through 2012G showing an additional Zakat liability of SAR 7.6 million. The Company submitted a settlement request with the Zakat, Tax and Customs Authority, which was accepted. Accordingly, the years 2010G through 2012G have been finalized with the payment of SAR 4.1 million.
- The Zakat, Tax and Customs Authority missed the deadline for reviewing the Zakat assessments for 2013G and 2014G, which is five years from the expiry of the deadline for submitting the declarations. Accordingly, the years 2013G and 2014G are deemed to be finalized.
- The Company filed a grievance through the website of the General Secretariat of the Tax Committees against the Zakat assessment of 2015G showing an additional liability of SAR 6 million. Until the date of this Prospectus, the grievance in question is still under review.
- The Company received the Zakat assessments for 2016G through 2019G, with a total of SAR 8.6 million. The Company submitted an objection to the Zakat, Tax and Customs Authority, and is in the process of filing a grievance against said Zakat assessments through the website of the General Secretariat of the Tax Committees.
- The Company filed the Zakat declaration for 2020G. As at the date of this Prospectus, no Zakat assessment has been issued.

Zakat position of Sakhaa Golden for Contracting & Trading Co. Ltd. ("Sakhaa"):

- Sakhaa finalized and paid all its Zakat liabilities since its launching and until 2016G.
- The Zakat, Tax and Customs Authority issued the Zakat assessments 2017G through 2019G showing an additional liability of SAR 53,000. Sakhaa paid up the amount. Accordingly, the years 2017G through 2019G have been finalized.
- Sakhaa submitted the Zakat declaration for 2020G. As at the date of this Prospectus, no Zakat assessment has been issued. Additionally, Sakhaa obtained a Zakat certificate valid until 30 April 2022G.

Zakat position of Nahdi Care:

Established in 2019G, Nahdi Care submitted the Zakat declarations for 2019G and 2020G, and obtained a Zakat certificate valid until 30 April 2022G.

As of the date of this Prospectus, Nahdi Care did not obtain a Zakat assessment for FY19G and FY20G from the Zakat, Tax and Customs Authority. The Zakat, Tax and Customs Authority may revise any of the Zakat declarations for the previous years and object thereto or request additional Zakat or tax payments.

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's Zakat provision amounted to SAR 37.1 million, SAR 78.4 million, SAR 98.1 million, and SAR 77.3 million as at the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G, and the Six Month Period Ended 30 June 2021G. As at the date of the Prospectus, the Company has set aside an additional Zakat provision of SAR 52.7 million, which covers the total amounts of objections outstanding with the Zakat, Tax and Customs Authority on zakat assessments until 2019G, amounting to SAR 14.6 million. If the Zakat provision is not sufficient to meet any additional Zakat liabilities that may be imposed by the Zakat, Tax and Customs Authority, that would materially and adversely affect the Company's business, financial position, results of operations, and prospects.

Risks related to VAT

Following the Company's request to recover its credit balance with ZATCA for February, April, and May 2018G, the Zakat, Tax and Customs Authority assessed the Company for the said periods, conducting the necessary examination and making a field visit to the Company. On 01/01/2019G, the Zakat, Tax and Customs Authority sent the final evaluation notices approving the declarations submitted by the Company and confirming that there is no need for ZATCA to make any amendments. Therefore, the Zakat, Tax and Customs Authority refunded a VAT amount of SAR 13,837,506 to the Company.

The Company has submitted all its VAT declarations since its registration (since January 2018G until the date of this Prospectus), all by the statuary deadlines. The Company also paid all liabilities owed to the Zakat, Tax and Customs Authority by the statuary deadlines, except for the June 2018G declaration, which was paid one-day late. Accordingly, the Zakat, Tax and Customs Authority imposed a late payment fine of SAR 216,429, which the Company paid in full.

The Zakat, Tax and Customs Authority assessed the Company for the period of August 2020G, and sent the final evaluation notice approving the declaration submitted by the Company and confirming that there is no need to effect any amendments thereto.

Given that the VAT has been implemented relatively recently, the Company could make errors when implementing the regulatory requirements, which would lead to facing penalties imposed by the Zakat, Tax and Customs Authority in accordance with the Value-Added Tax Law. Should that occur, it would have an adverse and material 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 Substantial Shareholder on the interests of the Company and other Shareholders

Following completion of the Offering, the current Shareholders will collectively hold (directly or indirectly) 70% of the issued 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 Shares, which may adversely affect the value of the Shares.

Such powers might be used in a manner which would adversely and materially affect 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 Shares

There has been no previous public market for offering or trading the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares, which would 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

Sales of large numbers of the 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 Shares.

Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a lockup period of six 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 six-month lock-up period will have an adverse effect on the market for the Shares, and may result in a lower market price.

The Company does not currently intend to issue additional Shares after the end of the Offering. If 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 would 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 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 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.

The stock market in general experiences from time to time extreme price and volume fluctuations. 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 would 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 conditions, 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 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 Shares, Shareholders may not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase, which would have a material adverse effect on Subscribers' anticipated returns. For further details regarding the dividends policy of the Company, please refer to Section 7 ("**Dividend Distribution Policy**").

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

Following the listing of Company shares, the company common stocks listed 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 Tadawul, which in turn could cause its stock price or trading volume to decline. Moreover, if 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 could decline.

3- MARKET SECTION

3.1 Introduction

The Company has commissioned Euromonitor International, an independent provider of strategic market research, to prepare a market study on the pharmacy retailing landscape in the Kingdom of Saudi Arabia.

The information below is based on an independent market study prepared by Euromonitor, which has given and not withdrawn its written consent for its market report to be published in the Prospectus as of the date of its publication. Euromonitor does not itself, nor do any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives, have shares or interests of any kind in the Company or any of the Company's subsidiaries.

Estimates and prospects set out in this Market section have been prepared based on a market research study prepared by Euromonitor, which includes research estimates based on various official published sources such as Passport and trade opinion surveys conducted by Euromonitor with a sample of key pharmacy retailing players in Saudi Arabia which have been prepared primarily as a research tool.

Therefore, Euromonitor International believes that it used suitable sources of information and methodologies for this study, but the nature of the techniques and methodologies used in market research does not guarantee nor pledge the accuracy or completeness of such information. References to Euromonitor International Limited should not be considered as the opinion of Euromonitor International Limited as to the value of any security or the advisability of investing in The Company.

The Company's Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor International Limited and set out in this Market section has not been independently verified by the Company or any other party. Neither they nor Euromonitor International Limited gives any representations as to its accuracy, and the information should not be relied upon in making or refraining from making any investment decision.

3.1.1 Research methodology

All data, analysis, and research estimates in this section are based on research work conducted between August 2021G and December 2021G, including (i) desk research to collect publicly available secondary sources of data, including statistics on macroeconomic indicators, demographics from entities such as General Authority for Statistics (GASTAT), Saudi Arabian Monetary Agency (SAMA), Euromonitor's internal database (Passport), and trade press on pharmacy retailing, companies and third party reports; and (ii) trade survey analysis of the opinions and perspectives of a sample of leading pharmacy retailing companies in Saudi Arabia, United Arab Emirates (iii) cross-checks and analysis of all sources to build an industry consensus on the market size and historical trends.

It is noted that the Company provided its 2020G revised sales data for Saudi Arabia, which was used to calculate their share. The Company's share was calculated using its revised sales data over the total market size of pharmacy retailing as defined and estimated by Euromonitor International.

3.1.2 Forecasting bases and assumptions

Euromonitor International based the Euromonitor International Report on the following assumptions: (i) the social, economic, and political environment is expected to remain stable in Saudi Arabia during 2020G-2026G; (ii) there will be no external shock, such as a financial crisis that affects the demand and supply of the sector in Saudi Arabia during the same period; (iii) key market influencers that are taken into consideration for forecasts, include growing population, inflation, GDP growth, consumer expenditure, the Saudi nationalization scheme, expat exodus, tourism influx, VAT, private/public investments amongst others. The Market section report covers the impact of COVID-19 wherever applicable.

3.1.3 Definitions

Category	Definition
Pharmacy retailing	Pharmacy retailing is the value sales recorded by chemists/pharmacies, drugstores/Parapharmacies, and vitamins & dietary supplements specialist retailers. It is part of the bigger umbrella defined as health & beauty specialist retailers. Pharmacy value sales reported is usually in a retail selling price that includes VAT.
Chemists/pharmacies	Retail outlets selling prescription-bound medicines under the supervision of a pharmacist and as its core activity. Other activities include sales of Self Medication healthcare and cosmetics and toiletries products.
Drugstores/Parapharmacies	Retail outlets selling mainly Self Medication healthcare, cosmetics and toiletries, disposable paper products, household care products, and other general merchandise. Such outlets may also offer prescription-bound medicines under the supervision of a pharmacist. Drugstores in Spain (Droguerias) also sell household cleaning agents, paint, DIY products, and sometimes pet products and services such as photo processing. Example brands include Rossmann (Germany), Kruidvat (Netherlands), Walgreen's (US), CVS (US), Medicine Shoppe (US), Matsumoto Kiyoshi (Japan), HAC Kimisawa (Japan).
Vitamins & dietary supplements specialist retailers	Vitamins and dietary supplements specialist retailers are chained or independent retail outlets with a primary focus on selling nutritional supplements and/or homeopathic remedies. They typically position themselves as an alternative medicine store or a sports nutrition and performance store. Most sales come from the sale of vitamins and supplements as opposed to food.
Pharma products	This essentially covers Self Medication and prescription drugs (Rx). Self Medication is the aggregation of adult mouth care, analgesics, cough, cold and allergy (hay fever) remedies, dermatological, digestive remedies, emergency contraception, eye care, NRT smoking cessation aids, sleep aids, and wound care. A Self Medication product is a drug or medicine that may be purchased, without a doctor's prescription or note, for self-medication/self-care of a minor ailment. In most countries researched, there is a legally defined Self Medication or non-prescription status; in some others, Self Medication can be known by different names such as pharmacy, general sales list (GSL), non-poison, schedule, classification, class, etc. There is no legally defined Self Medication status in a few countries, such as India and Brazil. However, countries without a defined Self Medication status may work from a "**principle of exclusion**" – any drug not on the official prescription or reimbursable drug list may be considered Self Medication or non-prescription.
Non-Pharma products	This is an aggregate of retail value sales (excluding black market sales and travel retail) covering the following categories: Beauty - includes color cosmetics, hair care, and skincare. FMCG – includes bath & shower (covering intimate hygiene products as well), men's grooming, oral care/ hygiene, deodorants and hygienic & household products (covering home care wipes & floor cleaning systems, and personal wipes which include general purpose wipes, intimate wipes, cosmetic wipes, and moist toilet wipes). Mom & Baby – includes baby food, baby wipes, nappies, baby & child-specific products. The category also covers lady care & family planning products (such as depilatories that include hair removers/bleaches, women's pre-shave, women's razors and blades, and sanitary protection). Wellness – includes home healthcare, diabetic care, digestive health products, and vitamins & dietary supplements. Digestive health products are the aggregation of health and wellness products positioned as beneficial to digestive health. They are primarily positioned as supporting digestion, stimulating digestive transit, promoting intestinal regularity, and IBS (irritable bowel syndrome) treatment. This category is typically led by products fortified with probiotics, prebiotics, and/or with high fiber content. Please note that products positioned as improving digestion and immunity are excluded here.

3.2 Executive summary

Following a recession in 2020G caused by the effects of COVID-10, the Saudi Arabian economy is expected to resume to grow over 2020G-2026G due to favorable demographic splits, increasing consumer awareness on health & wellness, along with the rising female empowerment.

The Saudi economy grew at the rate of CAGR2.1% over 2016G-2020G partially due to the recovery of oil prices and implementation of economic reforms as part of the Saudi Vision 2030 aimed at increasing economic diversification, improving the country's infrastructure to boost revenues from tourism and lessen the economic dependence on oil. This was also coupled with a greater focus on attracting investments from the private sector, capitalizing on several demographic changes including greater urbanization, aging population, expats migration as a result of Saudi nationalization of workforce and impact of COVID-19 in employment rate, most significantly, the increasing female empowerment. Such a positive economic outlook is anticipated to support a continued rise in Saudi Arabia's per capita disposable income, projected to grow at CAGR4.3% to reach SAR 44,130 (US$11,768) by 2026G.

Pharmacy retailers are expected to invest in developing eCommerce platforms and expand their product portfolio for more targeted consumer groups, the key one being employed women.

Pharmacy retailing in Saudi Arabia recorded a growth of CAGR5.7% over 2016G-2020G to reach SAR 29.2 billion (US$7.8 billion) in 2020G. Growth can be primarily attributed to the rise in non-communicable diseases (NCDs), increasing focus on healthcare privatization, expanding large players like Nahdi, and implementing mandatory healthcare insurance. Social distancing during COVID-19 encouraged retailers to focus on increasing their online sales and investing in the development of omni-channel platforms with added value services allowing consumers to diagnose and purchase pharmaceutical products. Strict government regulation and pricing control on Self Medication products further led retailers to diversify their product portfolios of less heavily regulated non-pharmaceutical products such as Beauty, Wellness, and Mom & Baby products to remain profitable. As a result, pharmacy retailing is expected to grow at CAGR4.3% to reach a total value of SAR 37.6 billion (US10.02billion) in 2026G, benefitting from population growth, economic recovery, and the increasing number of women in the workforce.

Rising consumer disposable income and female empowerment are set to drive the demand for non-pharmaceutical products overall. The contribution of pharmacies to such retail sales is expected to increase consumers' appreciation for professional advice from pharmacists.

Retail sales values of Self Medication products in Saudi Arabia stood at SAR 3.1 billion (US$0.8 billion) in 2020G. Value of Self Medication products registered a decline of CAGR3.5% over 2016G-2020G, partially due to the mandatory health insurance and limited purchases made by consumers via other channels at their full price.

On the other hand, sales of non-pharma products registered a positive growth across all product categories, including Mom & Baby (CAGR5.3%), Wellness (CAGR5.7%), and FMCG (CAGR1.4%) during 2016G-2020G. Strict regulations on the retail channel during COVID-19 benefitted sales of non-pharma products in pharmacy stores, encouraging leading players such as the Company. to strengthen their product offering and attract consumers with high-value private-label products backed by their reputation associated with their white coat image.

The expected rise in consumer disposable incomes, population growth, and female empowerment is further expected to benefit the forecast growth of the several non-pharma product categories. The forecast growth of the non-pharma categories could increase competition, forcing leading brands to differentiate through product innovation and selective distribution. Pharmacy retailers are uniquely positioned to capitalize on this trend due to the valued advice on products and perception of quality associated with their white coat image. As a result, the sale of non-pharma products via pharmacies is expected to contribute to more than 40% of total non-pharma product sales by 2026G.

Nahdi leads pharmacy retailing in Saudi Arabia due to its product differentiation across all subcategories, strong commitment on the innovative integration of services to offer customers one-stop in pharmacies and online solutions.

The Saudi Arabian pharmacy retailing market is largely consolidated with the top four companies, accounting for more than 60% of total retail values in 2020G, this includes the Company. (31% value share), Al Dawaa Medical Services Co Ltd (20%), United Pharmaceuticals Est (7%) and Planet Pharmacies (3%). Nahdi Medical's leading position is attributed to its product differentiation due to its wide portfolio across most product categories, strong investment in technology innovation and integration of healthcare services, and established presence in the Kingdom. Nahdi's retail success is supported by its strategy to attract employed women by moving pharmacies to premium locations and increasing pharmacy allocation for enhanced portfolio high-quality Beauty, Wellness, and baby products categories. The Company's leadership position across pharmacies and online channels and continuous commitment to differentiate itself in the market suggest the Company will further strengthen its position in pharmacy retail over the forecast period. This position strengthening is applicable to Saudi Arabia and other markets within the GCC, such as the United Arab Emirates. Pharmacy retailing in the UAE is anticipated to reach the SAR 15.8 billion market in 2026G, recording a CAGR of 1.6% across these forecast years 2020G-2026G. The steady growth of e-commerce and digital payments in pharmacy retailing, government support for medical tourism, and disposable income growth blended with the growing hygiene and wellness concerns among consumers are predicted to influence the growth of pharmacy retail sales in UAE over the forecast period as well.

3.3 Introduction to the kingdom of Saudi Arabia

3.3.1 Economic overview

Beyond short-term challenges, fundamental factors such as the implementation of Saudi Vision 2030, rising urbanization, women empowerment, and strengthening healthcare infrastructure are expected to support the expansion of the country's wider healthcare sector, including pharmacy retailers.

Saudi Arabia boasts the largest total Gross Domestic Product (GDP), in nominal terms, in the Middle East and Africa (MEA) region with an estimated SAR 2.63 trillion (US700.1 billion) in 2020G. The country's per capita disposable income levels stood at SAR 34,327 (US9,154) in 2020G after rising at a CAGR of 1.7% over 2016G-2020G, backed by Saudi Arabia's economic expansion over the period. However, the annual growth rate was eased to 0.82% in 2020G compared to 2019G due to the effects of COVID-19 in employment rates and migration of expats during the pandemic.

However, despite the negative impact of the COVID-19 on retail, consumer spending on chemists and pharmacies increased during the pandemic as health awareness was high and consumers stocked up medication, as well as other products such as sanitizers and face masks. This was partially reflected in total pharmacy retailing sales (including Sales tax) increasing by a CAGR of 5.7% over 2016G-2020G, from SAR 23.4 billion (US6.2 billion) in 2016G to SAR 29.2 billion (US$7.8 billion) in 2020G. In 2020G alone, total pharmacy retailing value sales grew by 10.5% compared to 2019G.

In September 2016G, the Saudi authorities announced the compulsory health insurance program for private-sector employees to be fully implemented by the end of June 2017G. When introduced, the new plan was expected to cover over 1.6 million workers in the private sector and their families, equivalent to a total of six million Saudis citizens with an average of six members per family. Over 10 million foreigners and their families were also required to have mandatory health insurance, which covered the necessary treatment and medication. This mandatory health insurance was instrumental in increasing patient traffic from public to private hospitals, partially supporting wider privatization plans of the Kingdom.

Such developments provided significant support for the healthcare infrastructure in Saudi Arabia, which is also expected to benefit from considerable infrastructure investment as part of Saudi Vision 2030, which increased private healthcare expenditure from 25% to 35% of the total budget on healthcare over 2017G-2020G. Technology and digital capabilities enhancement were identified as key factors vital for upgrading KSA's healthcare transformation. One such key initiative was digital healthcare innovations through the implementation of Nphies through 2017G-2020G.

In addition to these measures, the investment climate is anticipated to improve in Saudi Arabia through government-funded programs such as the Saudi Sovereign Wealth Fund, with an additional SAR 1,350 billion (US360 billion) spent on digital infrastructure, logistic networks, and free economic zones. Given that healthcare is one of the key sectors where the government heavily focuses on privatization, the plan is to have around 290 hospitals and 2300 health care centers privatized by 2030. The direct beneficial impact of Saudi Vision 2030 on healthcare, other positive economic diversification reforms that continued to remain key focus were developments in the tourism industry that include plans to raise the number of religious visitors (from 8 million to 30 million by 2030), major leisure and entertainment infrastructure investments (estimated to attract 50 million visitors by 2030), and the relaxation of tourism visa procedures.

These reforms partially supported Saudi Arabia in facing a number of challenges, including the introduction of VAT of 5% in 2018 to 15% in 2020G and a rise in unemployment from 5.6% in 2016G to 7.7% in 2020G. This is expected to decrease to 5.7% by 2026G, partially driven by female labor participation (elaborated further in subsequent paragraphs). The importance of policy support through programs like Saudi Vision 2030 and the National Transformation Plan becomes increasingly critical given the circumstances generated by the COVID-19 outbreak in 2020G.

Saudi Arabia's economic prospects over the forecast period 2020G-2026G envisage a dynamic GDP growth of 5.8% driven by the recovery of the oil sector, expansionary monetary policy, and structural reforms aimed at diversifying the economy.

3.3.2 Demographic overview

Saudi Arabia's growing employment provides a strong foundation for the country's economic growth. However, increasingly old-age dependency ratios and alarming growing health concerns among adults is expected further to increase investment in healthcare over the forecast period.

Saudi Arabia's total population expanded at the annual average rate of 0.3% over 2016G-2020G to stand at around 32.9 million in 2020G (representing a total population 1.5 times larger than the rest of the GCC countries combined).

The country's demographic profile is predominantly young, with 46.2% aged 29 and below in 2020G, and 72% were between 15 and 65 years of age. Consequently, according to the UN, the country is enjoying a demographic dividend providing a window of opportunity to support the growth of the Saudi Arabian economy. On the other hand, the population in Saudi Arabia has been progressively aging as the number of citizens aged 20-44 declined by 760,000 while aged 45-64 increased by 35,000 and consumers aged +65 by 15,000. In addition, the adult Saudi population in Saudi Arabia is facing growing health concerns, with the prevalence of diabetes expected to increase from 17% of the total adult population in 2020G to 24.3% in 2026G and obesity from 39.8% to 42.3% over the same timeframe.

The old-age dependency ratio and increasing consumer health concerns are anticipated to increase healthcare investment, benefitting the demand for consumer healthcare and pharmaceutical products. As a result, consumer expenditure on healthcare (health goods and medical services) is expected to grow at a CAGR of 5.5% over 2020G-2026G, from SAR 18 billion (US4.8 billion) in 2020G to reach SAR 25 billion (US6.7 billion) by 2026G. This growth is anticipated to be further driven by the expected increase in the total employed population by a CAGR of 3.2% during 2020G-2026G and disposable income per capita growth of 4.3% during 2020G-2026G.

Table (3-1): Key Macroeconomic and Demographic Indicators in Saudi Arabia, 2016G, 2019G, 2020G, 2021G, and 2026G

Indicator	Unit	2016G	2019G	2020G	2021G	2026G	CAGR 2016G-2020G	CAGR 2020G-2026G
Total GDP	SAR billion	2,419	2,974	2,625	2,874	3,690	2.1%	5.8%
Population	000	32,443	34,003	32,861	33,358	35,574	0.3%	1.3%
Population Aged 0-14	000	8,277	8,336	8,008	8,093	8,312	-0.8%	0.6%
Population Aged 15-64	000	23,145	24,448	23,619	23,952	25,433	0.5%	1.2%
Urban Population	000	27,035	28,535	27,639	28,120	30,310	0.6%	1.5%
Rural Population	000	5,408	5,468	5,222	5,238	5,264	-0.9%	0.1%
Expat Population	000	11,948	12,893	11,452	11,535	12,459	-1.1%	1.4%
Local Population	000	20,496	21,110	21,408	21,823	23,115	1.1%	1.3%
Social Class A Population	000	2,508	2,702	2,631	2,691	3,022	1.2%	2.3%
Social Class B Population	000	2,232	2,367	2,289	2,323	2,472	0.6%	1.3%
Inflation Rate	%	2.1	-2.1	3.4	4.5	2.5	n/a	n/a
Total Employed Population	000	11,686	13,652	13,172	13,718	15,934	3.0%	3.2%
Unemployment Rate	% of economically active population	5.6	5.6	7.7	7.2	5.7	n/a	n/a
% of Employed Women Population	%	14.3	14.4	14.3	15.6	23.6	n/a	n/a
Total Disposable Income	SAR billion	1,040	1,158	1,128	1,201	1,570	2.1%	5.7%
Total Consumer Expenditure	SAR billion	1,075	1,203	1,174	1,248	1,629	2.2%	5.6%
Consumer Expenditure on Healthcare	SAR billion	18	18	18	19	25	-0.3%	5.5%
Disposable Income Per Capita	SAR	32,045	34,049	34,327	35,997	44,130	1.7%	4.3%
Prevalence of Diabetes	% of total adult population	15.8	15.8	17.0	18.2	24.3	n/a	n/a
Prevalence of Obesity	% of total adult population	36.8	39.1	39.8	40.4	42.9	n/a	n/a
Average Out-patient Spend	SAR	335	319	321	324	365	-1.0%	2.2%

Source: Euromonitor International estimates from United Nations, World Bank, International Monetary Fund (IMF), General Authority for Statistics (GASTAT), SAMA, MOH Factbook, Stats.Gov.Sa, Colliers International, Statista.com and OPEC.

3.4 Analysis of pharmacy retailing landscape in Saudi Arabia

3.4.1 Market potential and industry structure analysis

The Saudi Arabian pharmacy retailing sector is anticipated to continue enjoying sustained growth on the back of further implementation of mandatory health insurance, continued urbanization programs, and an aging population with a high propensity to chronic diseases.

Pharmacy retailing market value in Saudi Arabia recorded an average accumulated growth of CAGR 5.7% over 2016G-2020G, from SAR 23.4 billion (US 6.2 billion) in 2016G to reach SAR 29.2 billion (US 7.8 billion) in 2020G. Pharmacy retailing in Saudi Arabia accounts for 57.4% of the total pharmacy retailing market values in 2020G across the Gulf Cooperation Council (GCC). The substantial value share of pharmacy retailing in Saudi Arabia within the GCC region is partly explained by its larger distribution network with 10,167 outlets in 2020G (up from 9,556 in 2016G), representing a CAGR growth of 1.6% during the same period. Other factors contributing to the growth in pharmacy retailing is the increasing aging population with an important effect on the rise in non-communicable chronic diseases such as cardiovascular and respiratory diseases, cancer, diabetes, and obesity, all of which require long-term treatment and care.

Key emerging trends, such as the expansion in online sales, were particularly triggered by the pandemic outbreak. An increasing number of consumers self-medicating and seeking medical advice through technology platforms in order to minimize the number of visits to the hospital or medical centers accelerated the development of digital healthcare services, most importantly the expansion of "**Telemedicine**" and such as Nphies and mobile phone applications. This resulted in numerous technology applications with the collaboration of the government to improve the remote access to patient data and reduce the time required to diagnose the patient. Rapid technology development in healthcare services has encouraged pharmacy retailers to upgrade their business models to enable consumers to purchase pharmaceutical products directly through their website or mobile application.

Pharmacy retailing has maintained its growth by diversifying its product offering in less heavily regulated products-categories than pharmaceuticals. New consumer demands are also explained by the increasing empowerment of women in the workforce coupled with their higher disposable incomes. This has mainly boosted the demand for Beauty Products and Baby Food via pharmacies, each growing respectively at CAGR 0.4% and 5.8% respectively over 2016G-2020G.

Supported by factors including an expected improvement in Saudi Arabia's macroeconomic conditions, growing urbanization, and increasing coverage of mandatory health care insurance, pharmacy retailing value sales are expected to grow at the annual average growth rate of 4.3% over the forecast period to reach a total market value of SAR 37.6 billion (US10.0 billion).

Table (3-2): Pharmacy Retailing Market Size in SAR billion in 2016G, 2019G, 2020G, 2021G and 2026G

Indicator	2016G	2019G	2020G	2021G	2026G	CAGR 2016G-2020G	CAGR 2020G-2026G
Total Pharmacy Retailing Value Sales	23.4	26.4	29.2	32.7	37.6	5.7%	4.3%

Source: Euromonitor estimates from Passport Retailing (2021 edition), trade interviews, and secondary research.

3.4.2 Competitive landscape

The Saudi pharmaceutical retailing market is becoming increasingly competitive, with leading players investing in improving profit margins through developing their online sales platforms as well as product differentiation.

The Saudi Arabian pharmacy retailing market is consolidated mainly as the top four pharmacy retailers accounted for more than 60% of total pharmacy retailing value sales in 2020G. As it stood in 2020G, the top four leading pharmaceutical retailers in the Kingdom in total value sales were Nahdi (with a 31% share in total value terms), Al Dawaa (20%), United Pharmaceuticals Est (7%), and Planet Pharmacies (3%). In terms of the number of outlets, Nahdi and Al Dawaa have 1,105 and 820 outlets respectively in 2020G, corresponding to more than 10% and 8% of total pharmacy retailing outlets in the Kingdom.

Expansion and increasing retail network coupled with investments in e-commerce platforms and extended offering of a wide range of non-pharma products have been some of the key factors that influenced the competitive positioning of the top 4 players within the pharmacy retailing scape/market.

Nahdi has a clear lead from the leading players partially due to their strong market fundamentals and brand equity. They are best positioned to benefit from the fast expansion of the health insurance coverage primarily due to their wide product portfolio, strong digital presence, well-laid-out expansion plans that help develop their core retail business, as well as omni-channel network. The solid digital capabilities of Nahdi are partially reflected in the contribution of their online sales to their total sales, which increased from 0.7% in 2018G to around 8% in 2020G.

Al Dawaa held the second position in the market with a 20% value share in 2020G and an 8.1% share within the total number of pharmacy retailing outlets in the Kingdom. The other two leading players such as United Pharmaceuticals and Planet Pharmacies, have a relatively less dominant place in the market than Nahdi and Al Dawaa. Both players together held more than 350 pharmacies to their credit.

Table (3-3): Leading pharmacy Retailers in Total Retail Value Sales in SAR billion and Number of Outlets in 2020G

Total Company Revenues (incl. VAT)	2020G	% Share of Total Market	Number of outlets	% Share of Total Outlets
Nahdi	9.1	31%	1,105	10.9%
Al Dawaa	6.0	20%	820	8.1%
United Pharmaceuticals Est	2.0	7%	230	2.3%
Planet Pharmacies	0.85	3%	150	1.5%
Others	11.2	38%	7,862	77.3%

Source: Euromonitor International estimates from Passport Retailing (2021 edition), trade interviews, and secondary research. VAT of 8% is included in sizes for 2020. An 8% VAT is applied in 2020 because the VAT increase was only implemented mid-year in 2020, which translated in a 5% VAT before July and 15% VAT after July, for which an 8% as the annual impact is considered. Sales provided here cover both online and offline sales. Online sales are based on the client's %share of online sales to total sales and interview inputs. The number of outlets here covers pharmacies/chemists, vitamins & dietary supplement specialist retailers, and drugstores/Parapharmacies, as stated in the definitions above.

3.4.3 Positioning of the Company in the total pharmacy retailing sector

Existing strong presence coupled with continuous investments into technology, differentiation, and innovation clearly distinguishes Nahdi from the rest of its competitors in the Kingdom of Saudi Arabia.

Nahdi is the leading pharmacy retailer in Saudi Arabia, with total sales in value terms (at retail sales prices, including VAT) reaching SAR 9,133 million (US$2,435 million) in 2020G, up from SAR 6,307 million in 2016G (US$1,682 million), equivalent to accumulated value growth of CAGR 9.7% over the period. The Company held a value share of 31% of the country's total pharmacy retailing value sales in 2020G, consolidating its position as the leader in the market.

The Company's strong leadership in the Kingdom can be attributed to several reasons. The most important ones are the Company's 6.25% CAGR growth in their outlet expansion since 2016G (876 in 2016G to 1,105 pharmacies in 2020G), product differentiation, technological innovation & integration of healthcare services, and established presence in key regions of the Kingdom. The Company operates in more than 144 villages and cities across its branches in the country, including Jeddah, Riyadh, Dammam, Medina, Mecca, Taif, and Abha. The Company has strongly expanded its local presence over the past five years, with more than 250 outlets in Riyadh alone, in addition to a strong presence in the Mecca and Medina region.

In addition to the expansion, Nahdi constantly re-evaluates and re-structures operations by moving some of their pharmacies to more premium locations with greater customer traffic to ensure their revenue per pharmacy remains strong. As a result of such constant evaluation, the Company increased its presence in Riyadh and Western regions while increasing revenue per pharmacy from SAR 7.6 million to SAR 8.3million over 2018G-2020G, the highest across the Kingdom.

With respect to technology advancement, it is worth mentioning that the Company has invested heavily in recent years in embedding advanced technological capabilities across its entire supply chain, enabling the Company to integrate all services and product supply in the first customer-centric omni-channel platform. As a result, the Company accomplished to offer one-stop-shop solutions to Saudi Arabian customers, from booking and receiving doctor consultation through clinics or telehealth services, to obtaining treatment and purchasing prescribed medication in pharmacies or online, receiving the drugs through home delivery with its unique record time 2-hour delivery and extensive Click'nCollect points, to monitoring patience adherence and offer preventive awareness through different channels. Consequently, Nahdi has become the frontrunner in technology in the pharmaceutical retail sector and consolidated its leadership across pharmacies and online channels.

The competitive positioning of Nahdi is unique amongst competitors in Saudi pharmacy retailers by its strong commitment to extending its portfolio of non-pharmaceutical products in pharmacies like Mother and Baby, Beauty and Personal Care and Wellness products, enhancing the retailing experience by attracting customers to pharmacies that are more conveniently located and offer an extensive range of innovative health and wellness product offerings. This strategy has been implemented through actions including portfolio diversification that include a careful selection of high-quality leading brands of imported goods and its own range of private labels meeting the needs of all customer segments.

3.5 Analysis of pharma and non-pharma categories in the Kingdom of Saudi Arabia

3.5.1 Pharma – Self Medication and prescription medication (Rx)

An aging population, increase in chronic diseases and further implementation of mandatory health insurance in the private sector is likely to drive demand for Self Medication and Rx products over the forecast period in Saudi Arabia.

Retail sales values of Self Medication products in Saudi Arabia stood at SAR 3.1 billion (US$0.8 billion) in 2020G. Value of Self Medication products registered a decline of CAGR3.5% over 2016G-2020G, which is partially due to the mandatory health insurance and limited purchases made by consumers via other channels at their full price. On the other hand, the rising prevalence of obesity and hypertension among Saudi Consumers has increased the average consumer spending on pharmaceutical products over the same period.

The rapid development of eCommerce sales was also one of the main factors influencing the demand for Self Medication products during the review period, primarily due to the impact of the COVID-19 pandemic, with many consumers purchasing pharmaceutical products for the first time to preserve social distancing. 2020G also saw the emergence of store-based Health and Beauty specialists' retailers introducing new lines of Self Medication products in their e-commerce platforms to capitalize on the growing demand for Self Medication products online. The emergence of pure eCommerce players such as Juleb and Sayd, and third-party delivery apps like Marsool and Careem Now attracted consumers with fast same-day delivery services.

Nevertheless, leading pharmacy chains, primarily Nahdi and Al Dawaa Medical Services Co Ltd, were the main beneficiaries of such growing demand for Self Medication products online due to their strong consumer awareness. In lieu with this, leading pharmacy retailers like the Company have been strengthening further their competitive advantage on the back of the flexibility they provide to customers to make purchases through their e-commerce platforms/mobile apps while also differentiating their products through their additional omni-channel services including same-day delivery and Click' n Collect options at their pharmacies. Pharmacies dominate the distribution of Self Medication products as they account for 90% of total retail sales of Self Medication products in Saudi Arabia in 2020G. In absolute terms, sales of Self Medication products via pharmacies stood at SAR 2.8 billion (US$0.7 billion) in 2020G,[2] while that of Rx stood at SAR 5.2 billion (US$1.4 billion) in the same year.

Forecast demand for Self Medication is anticipated to grow by a CAGR of 1.5% over 2020G-2026G to reach a value sale of SAR 3.4 billion (US$0.9 billion) by 2026G. The sale of Self Medication products via pharmacy retailers is predicted to grow at a CAGR of 1.7% to reach SAR 3.1 billion (US$0.8 billion) in 2026G. Sales of Self Medication products via pharmacies are expected to capitalize on the growing demand for generics and private labels due to the positive perception of Saudi consumers on the product portfolio of private labels offered by leading retailers like Nahdi, which are considered to provide comparable quality to leading brands at competitive prices.

Table (3-4): Self Medication products Market Size in 2016G, 2019G, 2020G, 2021G and 2026G

Indicator	Unit	2016G	2019G	2020G	2021G	2026G	CAGR 2016G-2020G	CAGR 2020G-2026G
Total Retail Value Sales	SAR billion	3.6	3.1	3.1	3.1	3.4	-3.5%	1.5%
% Sales via Pharmacies	%	89.0%	89.7%	90.0%	90.8%	91.4%	N/a	N/a
% Sale via Other Channels	%	11.0%	10.3%	10.0%	9.2%	8.6%	N/a	N/a

Source: Euromonitor estimates from Consumer Health (2021 edition), trade interviews, and secondary research. Total sales include both online and in pharmacies. All retail value sales provided are based on Historic Current Prices, Forecast Constant 2020 Prices. Pharmacy share provided only includes offline sales via pharmacies, while any online sales are captured under e-commerce, part of other channels. These other channels include any outlets other than chemists/pharmacies and drugstores/Parapharmacies and vitamins & dietary supplements specialist retailers. This can include supermarkets, hypermarkets, shopping centers, retail outlets at petrol stations, online stores, and others as applicable.

Table (3-5): % contribution of Rx to total pharmacy retailing value sales in 2016G, 2019G, 2020G, 2021G and 2026G

Indicator	Unit	2016G	2019G	2020G	2021G	2026G	CAGR 2016G-2020G	CAGR 2020G-2026G
% Contribution of Rx to Total Pharmacy Retailing Value Sales	%	19%	19%	19%	19%	22.5%	N/a	N/a

Source: Euromonitor estimates calculated based on interview inputs and desk research. An increase in % prevalence of chronic illnesses is considered when estimating the % contribution over the forecast period.

3.5.2 Non-pharma – beauty

Economic growth, eCommerce development, and the increasing empowerment of women are expected to largely influence the demand for Beauty Products over the forecast period in the Kingdom.

Total retail value sales of Beauty products in Saudi Arabia stood at SAR 8.5 billion (US$2.3 billion) in 2020G. Value sales of Beauty products witnessed a slight decline of 1.1% CAGR during 2016G-2020G, partially due to reduced consumer spending on specific categories such as color cosmetics on the back of extended lockdown and home confinement periods.

Demand for Beauty products is also influenced by the introduction of several high-value private labels and leading brands constantly innovating to differentiate their offering with added-value new product launches that continuously target specific consumer needs.

Pharmacies hold a key position in the sale of Beauty products in Saudi Arabia, accounting for around 30% of the total sales of Beauty products in 2020G. Sales of Beauty products via pharmacies grew by 0.4% over 2016G-2020G to reach SAR 2.5 billion (US$0.7 billion) in 2020G. Saudi consumers' trust in advice by professional pharmacists and additional services such as skincare analysis offered by Pharmacy retailers like Nahdi along with expanded product portfolio and increased store spare allocated to beauty products enabled pharmacies to strengthen their position within key subcategories such as skincare within the Beauty sector.

2 Euromonitor International's Calculations based on Passport Consumer Health Data 2021. Using Passport average exchange rate in 2020 of 1US$ = 3.75SAR

The increasing number of women at work coupled with a positive trajectory for disposable income per capita of CAGR5.7% is expected to drive the market value growth for Beauty Products at a CAGR of 3.4% to reach a total market value of SAR 10.4 billion (US$2.8 billion) in 2026G. Pharmacy retailers are predicted to register a market value growth at CAGR4% to reach SAR 3.2 billion (US$0.9 billion) in 2026G. Sales of Beauty products via pharmacies are expected to benefit from the increasing sales of key subcategories such as skincare products over the 2020G-2026G period. Pharmacy retailers could differentiate by focusing on efficient communication to achieve strong brand awareness among consumers and a strong reputation linked to their white coat image.

Table (3-6): Beauty Products Market Size in 2016G, 2019G, 2020G, 2021G and 2026G

Indicator	Unit	2016G	2019G	2020G	2021G	2026G	CAGR 2016G-2020G	CAGR 2020G-2026G
Total Retail Value Sales	SAR billion	8.9	8.5	8.5	8.8	10.4	-1.1%	3.4%
% Sales via Pharmacies	%	27.9%	28.7%	29.6%	29.1%	30.7%	N/a	N/a
% Sale via Other Channels	%	72.1%	71.3%	70.4%	70.9%	69.3%	N/a	N/a

Source: Euromonitor estimates from Consumer Health (2021 edition), trade interviews, and secondary research. Total sales include both online and in pharmacies. All retail value sales provided are based on Historic Current Prices, Forecast Constant 2020 Prices. Pharmacy share provided only includes offline sales via pharmacies, while any online sales are captured under e-commerce, part of other channels. These other channels include any outlets other than chemists/pharmacies and drugstores/Parapharmacies and vitamins & dietary supplements specialist retailers. This can include supermarkets, hypermarkets, shopping centers, retail outlets at petrol stations, online stores, and others as applicable.

3.5.3 Non-pharma – consumer goods

Demand for Consumer Goods products is expected to grow by a CAGR of 2.9% over 2020G-2026G, out of which 30% would be via pharmacies

Total retail sales value of Consumer Goods Products in Saudi Arabia stood at SAR 6.0 billion (US$1.6 billion) in 2020G. Demand in 2020G was significantly higher for specific products such as bath & shower, hygienic and household products, as the pandemic is set to have made consumers more aware of the need to maintain hygiene, at a personal level as well as at home, to reduce the chances of infection and this is expected to become a long -term trend as well.

Pharmacies maintain a strong position in the sale of Consumer Goods products in Saudi Arabia, accounting for around 30.4% of total sales of FMCG products in 2020G. In absolute terms, sales of Consumer Goods products via pharmacies grew by 4.2% CAGR over 2016G-2020G to reach SAR 1.8 billion (US$0.5 billion) in 2020G.

Pharmacy retailers are expected to register a market value growth of CAGR2.5% to reach SAR 2.1 billion (US$0.6 billion) in 2026G. Sales of Consumer Goods products via pharmacies are expected to benefit from the increasing premiumization in product categories such as Men's Grooming and Oral Care due to the high perception of the quality of products recommended by professional pharmacists among Saudi Consumers. The growing female population in the labor force is expected to be one of the main influencers of Consumer Goods sales via pharmacies, particularly among mothers as they visit pharmacies regularly to purchase baby products and are incentivized/keen to purchase Consumer Goods products tailored to their specific needs.

Table (3-7): Consumer Goods Market Size in 2016G, 2019G, 2020G, 2021G and 2026G

Indicator	Unit	2016G	2019G	2020G	2021G	2026G	CAGR 2016G-2020G	CAGR 2020G-2026G
Total Retail Value Sales	SAR billion	5.6	5.5	6.0	6.0	7.1	1.4%	2.9%
% Sales via Pharmacies	%	27.3%	29.3%	30.4%	30.0%	29.7%	N/a	N/a
% Sale via Other Channels	%	72.7%	70.7%	69.6%	70.0%	70.0%	N/a	N/a

Source: Euromonitor estimates from Consumer Health (2021 edition), trade interviews, and secondary research. Total sales include both online and in pharmacies. All retail value sales provided are based on Historic Current Prices, Forecast Constant 2020 Prices. Pharmacy share provided only includes offline sales via pharmacies, while any online sales are captured under e-commerce, part of other channels. These other channels include any outlets other than chemists/pharmacies and drugstores/Parapharmacies and vitamins & dietary supplements specialist retailers. This can include supermarkets, hypermarkets, shopping centers, retail outlets at petrol stations, online stores, and others as applicable.

3.5.4 Non-pharma – mom & baby

Increasing women empowerment remains key to mom & baby products' demand along with targeted product positioning among retailers

Total retail value sales of Mon & Baby products in Saudi Arabia reached SAR 10.0 billion (US$2.7 billion) in 2020G. Sales of Mom & Baby Products witnessed a growth of 5.3% CAGR during 2016G-2020G; this is partly explained by parents stocking up baby food and child-specific products during the pandemic for fear of supply-chain disruption. Nonetheless, market value growth for Mom & Baby Products in Saudi Arabia is also quite driven by increasing preference for value-added/premium products on the back of an increasing number of employed women with better affordability and product knowledge. Demand for more convenient yet premium products is gaining momentum. This is partially witnessed in the evolving trend towards natural products, specifically those containing organic ingredients that are scientifically tested.

The other main factor impacting the demand for Mom & Baby products over the review period was the rapid development of sales online, most particularly during the pandemic. Growing demand for Mom & Baby Care products online also increased the availability of new product ranges, particularly high-value imported brands in international online sellers.

Pharmacies remain the leading channel in the sale of Mom & Baby products in Saudi Arabia, with a total market value share of 56.2% in 2020G. In absolute terms, sales of Mom & Baby Products via pharmacies grew by an annual average growth rate of 3.8% over 2016G-2020G to reach a total market value of SAR 5.6 billion (US$1.5 billion) in 2020G. This growth in sales via pharmacies benefitted key product categories such as Baby Food, where pharmacies contributed to around 50% share. Other subcategories within Mom & Baby sold extensively via pharmacies include nappies & diapers, and sanitary protection, where pharmacies held about 65% and 56% shares of total category retail value sales, respectively, in 2020G. A strong share of pharmacies in these categories is explained by Saudi consumers growing appreciation for the option of consulting trained staff when purchasing such products, most particularly for female Saudi consumers who soundly trust pharmacies over leading brands for Lady Care products such as depilatories and Sanitary protection.

Total sales of Mom & Baby products are predicted to increase at a CAGR of 2.9% during 2020G-2026G to reach SAR 11.9 billion (US$3.2 billion) in 2026G. The growing financial independence of women in the forecast period is expected to be the most critical demand driver, specifically for premium products. In line with this overall category growth, pharmacy retailers are predicted to register a market value growth at CAGR3.2% over the forecast period to reach SAR 6.8 billion (US$1.8 billion) in 2026G. Pharmacy retailers are also expected to capitalize on the consumer trust in their brands by developing their own range of private labels to enrich their existing assortment of products and accessories. In this regard, increasing demand for premium products is likely to offer more opportunities for pharmacy retailers like Nahdi. to strengthen further its consumer loyalty amongst female consumers via their existing investments and plans.

Table (3-8): Mom & Baby Products Market Size in 2016G, 2019G, 2020G, 2021G and 2026G

Indicator	Unit	2016G	2019G	2020G	2021G	2026G	CAGR 2016G-2020G	CAGR 2020G-2026G
Total Retail Value Sales	SAR billion	8.1	9.0	10.0	10.2	11.9	5.3%	2.9%
% Sales via Pharmacies	%	59.3%	58.3%	56.2%	55.9%	57.0%	N/a	N/a
% Sale via Other Channels	%	40.7%	41.7%	43.8%	44.1%	43.0%	N/a	N/a

Source: Euromonitor estimates from Consumer Health (2021 edition), trade interviews, and secondary research. Total sales include both online and in pharmacies. All retail value sales provided are based on Historic Current Prices, Forecast Constant 2020 Prices. Pharmacy share provided only includes offline sales via pharmacies, while any online sales are captured under e-commerce, part of other channels. These other channels include any outlets other than chemists/pharmacies and drugstores/Parapharmacies and vitamins & dietary supplements specialist retailers. This can include supermarkets, hypermarkets, shopping centers, retail outlets at petrol stations, online stores, and others as applicable.

3.5.5 Non-pharma – wellness

Growing consumer concern over the prevalence of obesity and diabetes and increasing demand for immunity products are set to promote demand for Wellness Products over the forecast period.

Total retail value sales of Wellness products in Saudi Arabia grew at the annual average growth rate of CAGR5.7% over the 2016G-2020G period to reach a total value of SAR 10.2 billion (US$2.7 billion) in 2020G. This strong growth was partially driven by the performance of subcategories such as diabetic care and vitamins & dietary supplements, which accounted for 34.7% of total Wellness category sales in 2020G. For vitamins & dietary supplements, there was a surge in demand specifically evident for Vitamin C as it was perceived as a remedy to reduce the symptoms of COVID-19 due to its strong reputation for boosting the immune system. Similarly, products containing Beta Glucan and Zinc were also popularly demanded during the pandemic.

In addition to COVID, demand for wellness products also has benefitted from the increasing prevalence of obesity and diabetes among the Saudi population. Leading players are also increasingly investing in product differentiation by focusing on more convenient and higher efficacy products.

Pharmacies hold a strong position in the sale of Wellness products in Saudi Arabia with an estimated total market value of SAR 6.7 billion (US$1.8billion), equivalent to a market value share of 84.2% in 2020G.

The expected increase in disposable income coupled with rising consumer awareness on health and wellness among Saudi consumers is anticipated to continue driving sales of Wellness products with a predicted total value growth at CAGR3.0% over the forecast period to reach SAR 12.8 billion (US$3.4 billion) in 2026G. Pharmacy retailers are anticipated to record a market value growth at CAGR5.3% to reach SAR 9.1 billion (US2.4 billion) in 2026G. The expected growing prevalence of obesity and diabetes among the Saudi population will continue to raise consumer awareness driving overall demand. Brand owners are likely to continue investing in raising consumer awareness through health information in blogs and social media and developing new products focused on improving immunity with a strong emphasis on ingredients used and medical claims for some products, including vitamins, probiotics, and supplements.

Table (3-9): Wellness Products Market Size in 2016G, 2019G, 2020G, 2021G and 2026G

Indicator	Unit	2016G	2019G	2020G	2021G	2026G	CAGR 2016G-2020G	CAGR 2020G-2026G
Total Retail Value Sales	SAR billion	8.2	9.5	10.2	10.4	12.8	5.7%	4.0%
% Sales via Pharmacies	%	82.8%	83.9%	84.2%	85.6%	87.6%	N/a	N/a
% Sale via Other Channels	%	17.2%	16.1%	15.8%	14.4%	12.4%	N/a	N/a

* Digestive health - Packaged food: sales are only provided at the total level. There is no sales split per channel between pharmacies and other channels. % Share of pharmacies and other channels is based on the total market minus Digestive health - Packaged food.

Source: Euromonitor estimates from Consumer Health (2021 edition), trade interviews, and secondary research. Total sales include both online and in pharmacies. All retail value sales provided are based on Historic Current Prices, Forecast Constant 2020 Prices. Pharmacy share provided only includes offline sales via pharmacies, while any online sales are captured under e-commerce, part of other channels. These other channels include any outlets other than chemists/pharmacies and drugstores/Parapharmacies and vitamins & dietary supplements specialist retailers. This can include supermarkets, hypermarkets, shopping centers, retail outlets at petrol stations, online stores, and others as applicable.

4- The Company

4.1 Overview of the Company and its Business Activities

Nahdi Medical Company is a Saudi joint-stock company established under commercial registration no. 4030053868 dated 11/10/1406H (corresponding to 18/06/1986G) pursuant to ministerial resolution no. 582, dated 29/02/1443H (corresponding to 06/10/2021G). The Company operates in accordance with Ministry of Health License No. 3673110126 dated 22/12/1424H (corresponding to 28/12/2003G). As listed in the commercial register, the head office of the Company is located in the Abraq Ar-Roghama district of Jeddah, and its P.O. Box No. is 17129 Jeddah (Postal Code 21484). The current share capital of the Company is one billion three hundred million Saudi Riyals (SAR 1,300,000,000) divided into one hundred and thirty million (130,000,000) Ordinary Shares with a fully paid-up nominal value of SAR 10 per share. As listed in the commercial register, the main activities of the Company, are pharmacy activities, wholesale of medical devices and equipment, drug warehouse activities, retailing of medical devices, equipment and supplies. As of the date of this Prospectus, the Company does not have any significant new products or activities other than the ones set forth herein. Additionally, the Company does not currently carry out any business activity outside the Kingdom, except for a Pharmacy located in Dubai, a brief about which and its licenses are included in this Section.

4.2 Vision and Mission of the Company

4.2.1 Purpose

The Company's purpose is to exist to add beats to the lives of its Guests every day.

4.2.2 Vision

The Company's vision is to be the most trusted and preferred health and wellbeing partner for all its Guests.

4.2.3 Mission

The Company's mission is to exceed its Guests' expectations by providing superior personalized life care experiences every day, everywhere.

4.2.4 Values

Management believes that the Company's values, which underpin the Nahdi brand, have significantly contributed to the success of its business. The Company's values may be summarized as follows:

- Integrity: The Company aims to deliver on its promises and do what is right; within the Company, with its Guests, and with the entire community.
- Leading with Purpose: The Company aims to lead with curiosity and innovation in all that it does for the benefit of its Guests while remaining true to its mission.
- Care: The Company aims to care for its Guests and respect their preferences, needs and values. Nahdi is committed to 'go the extra mile' for its Guests each and every day.
- Excellence: The Company aims to work with high efficiency and effectiveness for its Guests and takes ownership in all what it does while aiming to be the 'Best in Class'.
- Collaboration: The Company aims to work collaboratively among itself, with its business partners and the entire community to achieve shared success.

4.3 Strengths and Competitive Advantages of the Company

The following competitive strengths contribute to the success of Nahdi and set it apart from its competitors:

For over 35 years, the Company has solidified its position as a leading healthcare brand in Saudi Arabia with its purpose of "adding beats to the lives of its Guests every day."

The Company's employees are its real capital and greatest asset. The Company is continuously developing and training all its employees including pharmacists and physicians under the leadership of a distinguished management team, which reflects on the Company's unique local and international position among its competitors. The Company is proud of its strong and trusted partnership with millions of loyal Guests served through 1,152 Pharmacies and an integrated network of clinics, underpinned by state-of-the-art digital channels. As Nahdi adopts a Guest-centric approach, this partnership has gone above and beyond simply providing products and services to become a unique healthcare experience delivered through multiple channels.

Since Abdullah Al-Nahdi first established two Pharmacies in Jeddah, Nahdi has endeavored to transcend traditional methods to provide greater value to its Guests, offering them access to both pharmaceutical and non-pharmaceutical health products, through a unique shopping experience in its stores.

Today, the Company is the leading pharmaceutical retailer, serving 97% of the population of the Kingdom across 144 cities and villages in the pharmaceutical and health products sector, such as medicine, wellness, mom & baby, beauty and other wide-ranging FMCG products. Additionally, the Company provides omni-health services through its polyclinics, express clinics, telemedicine, labs, and home healthcare.

The Company's culture of identifying opportunities, analyzing market trends, and building on evolving Guest behavior has enabled it to better plan for the future to meet challenges, develop innovative solutions to serve its Guests, and invest in the Company's infrastructure, all while streamlining operations. This includes identifying opportunities in different departments to develop product and service offerings from suppliers, strategic partners, or Private Label products that suit its Guests and exceed their expectations while establishing a fast-growing brand worth up to one billion Saudi Riyals.

Moreover, the Company aims to remain at the forefront of providing the best services to its Guests through building leading flagship Pharmacies, providing unique and interactive shopping experiences through the latest virtual reality and artificial intelligence technologies, and robotic pharmacy, all of which became part of the Company's unique culture. The Company also plans to carry out its supply chain and distribution capabilities using the best artificial intelligence and automated systems to support its logistics operations, expansion and future growth.

The recent COVID-19 pandemic underscored the Company's competence. The Company was keen on offering its frontline employees maximum protection while continuing to provide its services to meet the needs of its Guests by increasing its supply chain capacity, supported by partners and agencies working towards the same aim despite the global challenges. All of that contributed towards promoting innovation in the Company's strategy to extend the reach of its omni-channel infrastructure, expand its delivery capacity, and meet the growing and evolving needs of the Guests during the lockdown period.

The Company's pharmacies have become an integral part of the communities it operates in. The Company aims to add 36 million beats to Guest' lives by 2030G through its ongoing sustainable programs that promote health, wellness and mom & baby care. Furthermore, the Company constantly communicates and cooperates with government authorities and bodies to achieve the Kingdom's vision.

The Company maintained significant financial capacity during the past business cycles, fluctuations in global markets, and the challenges posed by the COVID-19 pandemic, achieving steady and sustainable growth in its revenues and an above-average return on its investments. All of this is a testament to its success in developing its competence and strategic plans.

4.3.1 Highly qualified and trained staff led by a strong Management with support from prominent Shareholders

Highly qualified and trained staff:

The Company employs exceptional human capital to ensure operational excellence and growth in serving its Guests. From 2014G through 2022G, the Company received the "**Great Place to Work**" award in Saudi Arabia and Asia, highlighting its commitment to creating a healthy and attractive work environment with its highly qualified and talented employees. The Company believes that its employees are its greatest and most valuable asset. Therefore, it pays them its utmost attention during their careers and is keen on helping them find a clear career path and thoroughly understanding the competencies and skills needed for career growth to achieve the Company's objectives and strategies ultimately. The Company also devotes its attention to fostering its culture and values, offering training and development opportunities at the most senior levels, and developing the best resources to take part in the development of individuals, all of which translated into the provision of over 300,000 hours of training to its employees during 2020G. Being a leading Saudi company, the Company plays a major role in nurturing, training, and qualifying national talent, helping them develop their skills in line with the Saudi Vision 2030G.

The Company is dedicated to developing a unique learning culture where each individual can tap into their greatest potential, which increases job satisfaction and supports professional development, thus enabling the employees to actively participate in adding beats to the Guests' lives at every moment. The Company ensures to offer its employees the best learning and development opportunities through every career stage. Starting at the university level, and in the spirit of its social responsibility, the Company offers training to university students in partnership and cooperation with all Saudi universities, partaking in qualifying and empowering the students with the knowledge and skills needed in the job market. For fresh graduates of all majors, especially pharmacists, the Company offers several training programs in its relevant departments and Pharmacies to help equip and empower them with the skills and knowledge needed to jumpstart their career with confidence, stability, and success in providing the highest level of service to the Guests. For freshly hired employees, physicians, pharmacists, and nurses, the Company offers comprehensive onboarding programs to help each employee develop the competence and skills required to start a successful career from day one, to provide the Guests with health and wellbeing services of the highest standards and levels. After that, in the continuous on-the-job training and development stage, which starts from the employee's first day, the Company offers continuous training and development programs to help, on the one hand, achieve its strategic objectives and operational and business priorities, and on the other improve each employee's performance and skills. Such training and development programs are tailored to each employee's current and future needs, with behavioural and technical programs, to ensure that the employees excel in their performance. Additionally, the Company offers leadership and management programs and career development pathways needed to empower and shape the Company's current and future leaders.

Strong Management team, supported by two prominent Shareholders:

The Company's Management team is comprised of executives with extensive experience in the healthcare and retail industries, amounting to over 200 years of cumulative management experience in both sectors. The Management team is dedicated to providing better healthcare services to the Guests and leading the healthcare industry's transformation, driven by their clear vision and enthusiasm for the sector. The Management has fostered the Company's culture of integrity, Guest-focus, teamwork, learning, and efficiency. Along with the Company's market-leading position, employee training, career development, and incentive programs, these values have contributed greatly to motivating and retaining talented employees.

The implementation of the strategy is overseen by a Board of Directors that consists of a group of experienced members with diverse backgrounds, including founder, executive, non-executive, and independent Board members, with experience in global companies such as Microsoft, Amazon and Airbnb.

The Board of Directors and Management are backed by two prominent investors in the Kingdom, Al-Nahdi Holding Company Limited and the Saudi Economic and Development Holding Company (SEDCO). Both Shareholders are deeply committed to the business and the sector and have strong track records in establishing and investing in successful healthcare and retail businesses.

4.3.2 Building a strong, leading retail brand underpinned by an ambitious vision

The "Nahdi" brand is a well-established Saudi brand that started and grew with its purpose of "adding beats to the lives of its Guests every day". For over 35 years, it has achieved that purpose daily through its 1,152 Pharmacies and NahdiCare clinics with the help of its frontline pharmacists and doctors, who have contributed greatly to establishing a close relationship of care and trust with millions of Guests across the Kingdom. This relationship has been further strengthened through the Company's efficient digital presence, offering the Guests different services such as e-commerce, home healthcare, home delivery, telemedicine and other omni-health services.

The interactions with millions of Guests across all communication channels focus on providing superior care through an integrated health and wellness experience, which made the Guests, as regularly measured through Nielsen indicators, among the biggest brand supporters.

Said indicators give a comprehensive measurement of the features that Guests need and include brand awareness, Guest service rating, pricing and promotions, product availability, convenient locations, ambiance, facilities, etc.

This was clearly reflected in the Company's partners and its strong following on social media platforms, such as having over 2.1 million followers on its Instagram page, and its continuous interaction with them.

The Company's strong partnership with the Guests, built on interest, trust, and continuous presence through promotional and green content translating the Company's vision and mission, sets Nahdi apart as an ambitious healthcare provider aiming to create harmony in the health and wellness ecosystem for Guests in Saudi Arabia and beyond.

The Company received the following awards, honors, and testimonials, proving that Nahdi is on the right track:

- In 2019G and 2020G, the Company received the "Global Brands - National Companies Category" Award in the Global Brand Awards.
- In 2020G, the Company received the "Most Admired Retailer of the Year" Award in the context of the RetailME Awards.
- In 2020G, the Company received the "Best Place to Work" in Saudi Arabia.
- The Company received the "Best Healthcare Smart eServices Excellence" Award.
- The Company obtained the "Best CSR Impact Initiative" Award and "Best Community Development" Award.

For further information on awards, honors, and certificates received by the Company, please see Section 4.13 ("**Certifications and Awards**").

4.3.3 Saudi Arabia's leading pharmacy with the largest network

Over the decades, the Company has won the trust of tens of millions of Guests by meeting their needs for health products and solutions through its presence in 144 cities and villages. As of H1 FY21G, the Company had 1,151 branches, 1.5 more branches than its nearest competitor, and approximately 10% of the total number of pharmacies in the Kingdom. This enabled the Company to offer its distinctive range of products and services to more than 97% of the Kingdom's population through a unique shopping experience and qualified pharmacists who provide the Guests with advice and health expertise.

As a result, the Company captured a leading market share across all categories of Pharmaceutical and Non-Pharmaceutical products through its expansive network and digital platforms, which created a distinctive brand in the region, and has won the Company many globally recognized awards.

The real value that the Company provides through its network is reflected in its market share valued approximately at 31% of the Saudi pharmaceutical sector, which indicates the superior quality and operational excellence that the Company provides its Guests.

The Company has a proven track record of expanding its stores. It opened an additional 178 stores since 2018G, and its revenues increased from approximately SAR 7.3 billion in 2018G to approximately SAR 8.6 billion in 2020G.

The Company's stores in Saudi Arabia are located strategically in populated areas in 144 cities, catering to the needs of more than 100 million Guests annually. This is backed by a robust online digital platform and a delivery service that allows customers to place orders from the comfort of their homes.

4.3.4 A wide-range of Private Label Brands and Direct Import products

Since its incorporation in 1986G, the Company has continued to exceed its Guests' expectations and add beats to their lives. This has contributed to a paradigm shift in the pharmaceutical sector, with the introduction of new categories of the Company's products and brands, to meet all its Guests' needs.

As a result, the Company's operations have significantly expanded, making it the leading pharmacy retailer today. For that reason, the Company established a dedicated Private Label Brands and Direct Import department.

The Company manages products at all stages of production, from conception, based on its Guests' feedback and needs, to shelving the products in its Pharmacies. The Company is not involved in product manufacturing. The products are manufactured inside and outside Saudi Arabia and then are registered with the SFDA. Through its distribution and supply chain capabilities, the Company ensures supplying the products from factories across the globe, completing all the requirements of conformity, documentation, insurance, shipping, clearance, and warehousing, and distributing them across the Kingdom to add value to the Company's Guests. Millions of Guests trust the Company to meet their health needs with high quality products at competitive prices.

The Company was able to build strong and exponentially growing Private Label Brands, including but not limited to: Gamar mom & baby care brand; Beatswell, Febella and Velveta feminine care brands; Nahdi home healthcare brand; Viora and Clevie skin care brands, Orex oral care brand, etc. Their contribution to sales has proved the success of the Company's brand.

The Company's strategy aims to continue enhancing its Private Label portfolio by constantly updating and expanding the range of its products, and breaking into new categories to further serve the needs of Nahdi Guests.

Today, Nahdi owns 13 Private Label Brands with more than 500 products.

The Company's strategy strives to complement the products available locally with the latest global innovations, thus offering high quality and diverse product mix to the Guests to meet their various and evolving needs. The Company is present in international trade fairs regularly. Over the years, it has managed to establish a direct network with many manufacturers and brands who are set to meet the needs of the Saudi market.

The Company increased the number of its Private Label and Direct Import products, as the sales from such products rose from 5.0% of total sales in 2018G to over 10% in 2020G.

The Company would not have been able to do so if it had not been keen on providing the best quality to the Guests; making sure that all Private Label and Direct Import products comply with local and international regulatory requirements, and meet safety and quality standards; and obtaining SFDA-required quality and safety certifications, such as ISO, GMP, and BRS quality assurance standards. All new Private Label and Direct Import products undergo a rigorous selection process conducted by independent external labs, to assess product quality. Moreover, all Private Label suppliers used by the Company are SFDA-approved.

4.3.5 State-of-the-art Distribution Centers and supply chain to meet the omni-health needs

To ensure the good quality and handling of products to be supplied to the Pharmacies, the Company has, over the years, developed its supply chain capacity, building and establishing Distribution Centers equipped with the latest international programs and technologies in Jeddah, Riyadh, Abha and Dubai, with a storage capacity of over 40,000 pallets. The supply chain handles the logistics of products to get them from their origin into the Guests' hands, starting from selecting, planning, and receiving the right products for the Guests, to displaying them at the points of sale (the Pharmacies) to meet the needs of the Guests. Throughout every step of the supply chain, the products are constantly monitored to ensure quality. The logistics process is carried out in parallel with the regulatory and government processes to obtain approvals and registration from the SFDA, the Saudi Standards, Metrology and Quality Organization, and the Saudi Customs.

The integration of digital offering and services such as home delivery, the Company's strong supply chain and distribution capabilities helped increase the Guests' confidence in the Company. These capabilities became particularly visible during the COVID-19 related lockdown. They made the Company one of the few companies able to meet the needs of the Guests and continue its deliveries across the Kingdom. To get that far, the Company invested in the following capabilities:

4.3.5.1 Investing in multiple smart Distribution Centers located in various regions across the Kingdom:

1- A central smart Distribution Center in the city of Jeddah that was commissioned in 2021G and operated using modern and intelligent systems. With a total surface area of more than 80,000 square meters, it provides all logistical services to the Company's Pharmacies.

2- The Company has a Distribution Center in the city of Riyadh that operates around the clock with a surface area of 30,000 square meters that provides logistics services for all types of Pharmacies in the Central and Eastern Provinces.

3- There is also a Distribution Center in the Abha region with a surface area of 13,000 square meters that provides logistical services to the Southern Province for mom & baby care items.

4.3.5.2 Extensive distribution and delivery services:

The Distribution Centers serve 1,151 Pharmacies in 144 cities with a dedicated fleet of 165 refrigerated trucks. To ensure the quality of shipments, all trucks are equipped with GPS tracking and positioning system. These programs are linked to the Company's transportation management system and enable the Company to track truck location, monitor temperatures, and driving behavior, as they monitor and assist the driver in reaching Pharmacies and issuing delivery orders. All truck movements are recorded by sensors installed inside the trucks that send alerts to the shipping team in the event of violations. Such modern capabilities of tracking shipments and monitoring quality enable the Company to deliver over 200 million products annually to the points of sale (the Pharmacies).

4.3.5.3 Technology and Automation:

The Company invested in the region's first smart Distribution Center, located in Jeddah and operated with modern systems utilizing smart storage and automated technology to prepare orders, dramatically increasing the efficiency of sorting and dispatching, reducing overall delivery timelines. This ensures that all Guests across the Kingdom can receive the same level of service, whether they get the products from Pharmacies or opt for home delivery, within a record delivery time. The Company also implements international systems and technologies and adopts international quality and safety standards.

4.3.6 Constant investment in latest technologies to ensure the best digital shopping experience

The Company's Guest-centric philosophy and the value of continuous innovation led the Company to rely on technology and allocate significant resources and investments to improve its technological capabilities and digital transformation. The Company's gross investment from 2018G until mid-2021G was as follows:

	2018G	2019G	2020G	Mid 2021G
Gross IT investment	SAR 102 million	SAR 80 million	SAR 105 million	SAR 100 million
Gross cloud computing investment	SAR 11 million	SAR 12 million	SAR 13 million	SAR 22 million
Gross omni-channel investment	SAR 9 million	SAR 9 million	SAR 12 million	SAR 17 million

In line with the standards of the digital and transformation technology sector, gross IT investment remained steady over the past four years, and the absolute value of investment remained constant, reflecting ongoing improvement. A sizable and growing investment is allocated to areas contributing to the business, cloud computing, and omni-channel digital transformation. This enabled the Company to focus its attention on data analytics and AI investments, allowing the Guests to use its platform on 24 hours, seven days a week, and enjoy its holistic healthcare services anytime and anywhere. They can also access a wide selection of high-quality products with flexible delivery options and choose to receive professional advice when they purchase pharmaceutical and healthcare products. Furthermore, the Nuhdeek Loyalty Program allowed qualified staff members to devote their attention to the Guests. The Company's investment in technology enabled it to rapidly adapt during the COVID-19 pandemic in response to the surge in demand by:

- Scaling up delivery capacity by 20 times;
- Doubling the number of delivery hub stores;
- Tripling Guest care center infrastructure capacity;
- Doubling the revenue and growth during the COVID-19 pandemic; and
- Significantly increasing digital channel transactions.

The Company's expanding digital presence has resulted in an increased contribution of sales via online channels. The percentage of online sales has risen from 0.8% of total revenue in 2018G to 9.4% in 2021G, a growth rate of 139% over the period. The largest contributor to online channel sales was "click and collect" in 2018G, contributing to 61% of all online sales. On the other hand, home delivery was responsible for 53% of online channel sales in 2021G.

The Company's platform also enhances the accessibility to high-quality medical resources by connecting and combining online and offline healthcare services. Nahdi's Guests can conveniently consult with experts in a particular field online without traveling long distances to cities with better medical resources. By integrating online and offline healthcare services, the Company is able to optimize the allocation of medical resources and satisfy users' diverse needs. Various mediums, such as video calls, audio calls, and chat functions allow guests to communicate with Nahdi's team, virtually updating user accounts and adding relevant prescriptions. This is followed up by medical adherence programmers that help guests regularly and consistently take their prescribed medications without ever running out.

4.3.7 An integrated omni-health platform (omni-health)

The Company is driven to take advantage of up-to-date technologies and innovations to offer its Guests omni-health services by integrating omni-channel with healthcare services to create a unique ecosystem, an omni-health gateway that meets the healthcare needs of its Guests, making it the most trusted healthcare partner.

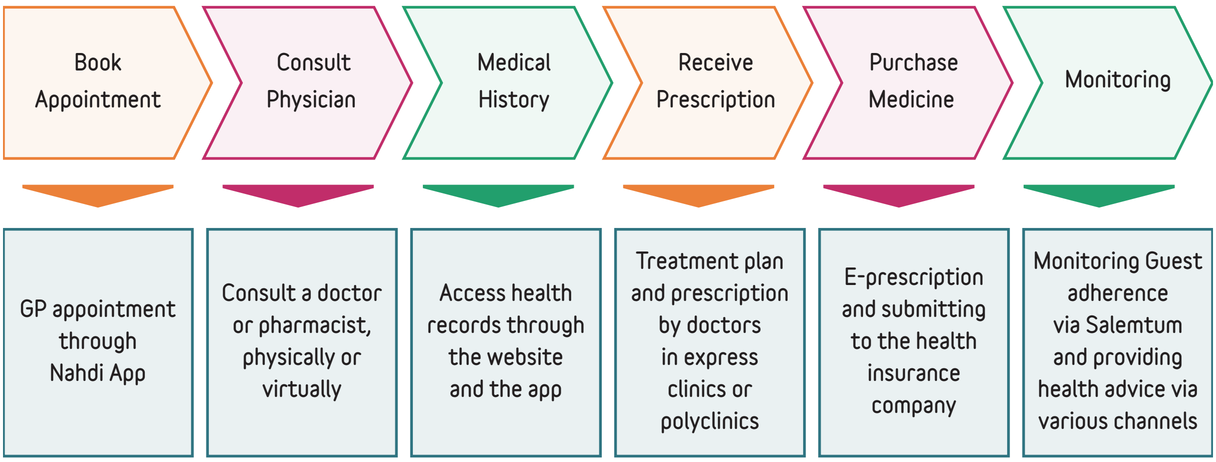
The introduction of the integrated healthcare business has been a game-changer for the Company, allowing it to uniquely position itself as an omni-health gateway through a platform that uses a digital analytics approach and solutions to personal healthcare's evolving trends and challenges.

Having the largest pharmacy network in the Kingdom and using cutting-edge technologies are key competitive advantages to the Company as it transitions into a primary healthcare hub. With Nahdi's integrated approach, the Guests can address various requirements, from booking consultations with doctors to getting medication delivered to their doorsteps. A unified loyalty program rewards all interactions irrespective of whether they are for pharmacy or healthcare services.

The Company currently operates two polyclinics, which provide a comprehensive range of healthcare services, and seven Express Clinics, which provide primary healthcare and act as the first point of contact. Moreover, the Company offers the Guests online services that allow them to access expert care and advice virtually and at their convenience. In addition to the online retail pharmacy, the Guests using said channels can access the following functions:

- Medical appointments: which can be scheduled through the Nahdi app;
- Virtual medical consultations: online consultations that do not require prior appointments and have short wait times to consult a GP;
- Medical consultations: physical consultations at an Express Clinic or polyclinic;
- Access health records and prescriptions: the Guests can access their health records through the Nahdi app or a web-based profile;
- Treatments and claims: the Guests are able to receive prescriptions online or in one of the Company's Pharmacies, Express Clinics, or polyclinics. Guests may also opt for e-prescription and submit claims to health insurance companies to purchase medication.
- Monitoring: the medical staff can monitor patient adherence via "Salemtum" and provide health advice through various channels to ensure a higher efficacy for the treatments.

Figure (4-1): Nahdi's ecosystem can be visualized using the following diagram, which shows a complete, end-to-end healthcare offering:



4.3.8 Adding beats to the community through corporate social responsibility initiatives

With thirty-five years of experience in the pharmaceutical and healthcare sectors, the Company understands the needs of the Guests and their general health requirements better than anyone else. The Company channels its knowledge and expertise into its greater purpose, which is adding 36 million beats to Nahdi Guests by 2030G.

Through its commitment to corporate social responsibility initiatives, the Company embraces the past, present, amd future. Health behaviors of the past have created issues that requires immediate intervention today to affect sustainable wellness for the future. Understanding the Guests' lifestyle and healthy behaviors helps the Company in developing initiatives that support Guests by increasing awareness and creating programs and solutions for sustainable health and wellness.

In March 2018G, the Company, represented by its CEO, entered into a partnership agreement with the Ministry of Health, represented by H.E. the Minister of Health, for a term of three years. This partnership came into existence as part of the Ministry of Health's vision to increase the private sector's participation in the development of the healthcare industry, and the Company's committment to channel its efforts into serving the community and the Kingdom at large by undertaking community healthcare projects. The Company's corporate social responsibility pillars are:

4.3.8.1 Chronic Disease Management for all Guests

The Company found an opportunity to serve the community through entering a strategic partnership to offer primary health care services in the Kingdom. It collaborated with Joslin Diabetes Center in the Diabetes Program, which aimed to reduce a given patient's A1C by 2.1% within three follow-up months. According to international studies by the American Diabetes Association and a prospective UK diabetes study, reducing A1C by 1% decreases the probability of developing diabetes-related complications such as heart, kidney, and vision ailments by up to 40%. The Company also took part in the Convoys of HOPE Program, whereby it offers chronic disease medical coverage in cooperation with Non-Governmental agencies, such as the Zmzm Association. The Company helped 11,000 chronic-disease patients in 90 convoys, and is working to expand the reach of the convoys to include all parts of the Kingdom. The Company continues to enter into partnerships with numerous government agencies and charitable partners to enable all groups of society in need of medical expertise to get the medical advice, health checks, and drugs they need to lead a healthy and fulfilling life. As of now, the Company connected with 2 million Guests through charitable health programs and won a Guinness World Record for measuring the vital signs of 4,049 Guests in 12 hours.

The Company's strong belief in empowering the community members with the knowledge and ability to improve the quality of their lives through innovative and effective health programs, led to the development of the Chronic Disease Awareness and Prevention Program (Salemtum). Salemtum Program aims to raise the Guests' awareness and provides them with personalized care and the appropriate solutions for their health needs through simple and easy means. As part of this Program, Nahdi also created a medical adherence program to help Guests manage and cope with their chronic diseases, providing them with an easy and convenient online medication refills and reminders thereof.

4.3.8.2 Prevention: Improving Community Wellness by Promoting a Healthier Lifestyle

The Company recognizes the importance of educating the community about the gravity of chronic diseases and their long-term effects on the health of individuals and the community at large. Nahdi's Wazen Hayatak Program aims to help Guests achieve a healthy lifestyle by offering them personalized solutions under Wazen and helping them achieve their desired lifestyle. Since the launch of the program in 2018G until now, the Company contributed to a total weight loss of 102 tons. Wazen promotes healthy lifestyles through virtual weight management competitions and partnerships with government agencies to support community-sporting events, such as the Company's collaboration with the Ministry of Sports in Sports for All. Nahdi offers Wazen as a free of charge service in more than 800 Pharmacies across Saudi Arabia. The Company also encourages its Guests with fitness programs, including the Billion Step Challenge (in which 2 billion steps were recorded), and Motherhood and Childhood: Improving the Psychological and Physical Health of Mothers and Future Generations.

The Nahdi Mom & Baby Program aims to be the trusted source of information, advice, and support for young and future mothers. The Company has connected with over 850,000 Guests through the Motherhood Club. As part of the program, the Company has added a Parenting program, whereby any mother has access to the region's best experts in connection to her or her child's health. The program aims to provide mothers with the best scientific-based resources to nurture their children's developing mind and body, as well as enhance their mothering skills. It also offers mothers a platform to interact with one another and share their experiences free of charge.

4.3.9 Outstanding financial performance with revenue growth and Return on Equity above KSA retailers' average

The Company has experienced significant growth and expanded its revenue over the last 3 years from SAR 7.4 billion to SAR 8.6 billion, reflecting 8.4% CAGR, higher than the industry retailers' average of 8.1% CAGR over the same period.

In addition to this, Nahdi's EBITDA margin has grown in the same period, from 10.7% in 2018G to 16.9% in 2020G, which resulted in EBITDA growing by 36% CAGR from SAR 789 million to SAR 1,459 million in 2020G this is mainly due to the implementation of the IFRS 16 standard in 2019.

The Company has experienced a growing liquidity, which was accompanied by the net profit margin growing from 8.3% in 2018G to 9.8% in 2020G, displaying the Company's ability to improve profitability along with top line growth. Moreover, Nahdi is well positioned in terms of leverage, with a net debt to EBITDA ratio of 0, significantly lower than key competitors. The increased push to Private Label products and the improved business operational efficiency has translated into a gradual improvement in RoE. In 2020G, Nahdi has recorded an RoE of 40.8%, one of the highest in the industry and significantly above the industry average of 27.5%. Nahdi's high profitability has translated into an above average dividend payout ratio of 75% in the past three years, higher than the KSA retailers average payout ratio of 66%.

Since its incorporation, the Company took a continuous innovation approach compatible with the health strategies and initiatives in Saudi Arabia, always putting the Guests first and at the center of its involvements and initiatives that aim to promote the health of individuals and the community. Today, the Company leads the first KSA pharmacy retail chain. In its forthcoming steps, the Company strives to enhance its services, continue to provide a unique shopping experience that exceeds the Guests' expectations, retain its leading market position, and expand its "omni-channel sales and omni-health services". It plans to do so by capitalizing on its unique brand position and the accessibility of its Pharmacies, to get closer to the Guests than ever before.

According to Euromonitor, the market for Pharmaceutical and Non-Pharmaceutical products, in which Nahdi operates, is expected to grow at a steady rate of 4.3% in the Kingdom of Saudi Arabia over 2020G-2026G.

Historically, the KSA market grew by 3.8% from SAR 40.0 billion in 2018G to SAR 43.3 billion in 2020G. This growth is expected to continue across both Pharmaceutical and Non-Pharmaceutical markets across all relevant product categories between 2020G and 2026G. Within the Pharmaceutical space, the market for Prescription drugs is expected to grow faster at 7.2% compared to that for Self Medication drugs at 1.5% CAGR. In Non-Pharmaceutical markets, strong growth is forecasted across Beauty products at 3.4% CAGR, FMCG products at 2.9% CAGR, Mom & Baby category at 2.9% CAGR, and Wellness products at 4.0% CAGR over the same period. This can be summarized in the following tables:

KSA Market Size	2018G	2020G	2026G	2018G-2020G CAGR	2020G-2026G CAGR
Pharmaceuticals	8.2%	8.7%	11.8%	2.7%	5,3%
Non- Pharmaceuticals	31.8%	34.6%	42.2%	4.4%	3.4%
Total	40%	43.3%	54.1%	4%	3.8%

The overall growth in the market is underpinned by strong demographic drivers including:

A- Population Growth:

Saudi Arabia is the largest GCC economy with a population size of 32.9 million, and a GDP of SAR 2.63 billion in 2020G. The population in Saudi Arabia is expected to grow by 1.3% over 2020G-2026G compared with the world average of 1.0%. While 75.6% of the Saudi Arabia population is composed of the consuming age population of +15 years old, the over 65 year-old population is expected to rise by 6.6% from 1.2 million in 2020G to 1.8 million in 2026G, which would manifest in terms of strong demand for healthcare services.

B- High GDP per capita:

The GDP per capita in the Kingdom is among the highest in the world. The Saudi economy is expected to see a robust increase in GDP per capita from SAR 34.3 thousand in 2020G to SAR 44.1 thousand in 2026G, representing a growth of 4.5%, respectively. The purchasing power in the Kingdom is also expected to receive a significant boost with female workforce participation expected to go up from 14.3% in 2020G to 23.6% in 2026G.

C- Growing need for cost effective healthcare:

Due to the prevalence of modern lifestyle diseases, chronic diseases such as diabetes and obesity are set to become more widespread in KSA, rising from 15.8% and 36.8% in 2016G to 24.3% and 42.9% in 2026G, respectively, according to Euromonitor. The same study forecasted that from 2020G and 2026G private sector expenditure in healthcare would increase to SAR 25 billion at a 5.5% CAGR, thereby directly the demand for treatment as well as preventative care in pharma retailing and primary care. To further support the strong trends, the regulations landscape within KSA would provide a further boost to the overall market. Regulations such as mandatory health insurance, Vision 2030, and initiatives introduced by CCHI and NUPCO will further propel the growth of pharmaceutical and healthcare industry.

D- Mandatory health insurance:

Private health insurance is forecast to expand at a 7% CAGR to SAR 27.6 billion by 2026G and claim values are expected to grow at 15% CAGR through to 2025G. These trends are driven by mandatory private insurance for the private sector, population growth, as well as medical health inflation which refers to medical trends and developments, and the increase in cost to support them. For private insurance companies to make certain patients are staying healthy and treatment is managed cost-effectively, they are looking to collaborate with primary healthcare providers in areas such as patient flow management, medication and therapy management. The growth of insurance claims is expected to directly drive Nahdi's retail sales including the insurance delivery channel, while the increased patient traffic to private hospitals is expected to contribute to the growth of the primary healthcare business.

E- Vision 2030: Healthcare and Privatization:

Under Vision 2030, Saudi Arabia is looking to improve the healthcare system primarily in terms of efficiency, as laid out under the 'Vibrant Society' pillar. The pillar looks to offer a fulfilling and healthy life to citizens by making it easier to access healthcare services, improving the value of healthcare services and strengthening preventative measures against health threats. The private sector is expected to play a pivotal role throughout this journey and is underpinned by the strong shift towards the privatization of healthcare services as the government aims to increase private sector participation to 35% by 2025G.

Nahdi's use of omni-health channels and platforms, which are its key strength, as well as its prominent market position, and wealth of experience in the context of its future vision and organizational plans will eventually make Nahdi the main healthcare gateway in Saudi Arabia on the medium term.

4.4 Company Strategies

4.4.1 Aspirations and Strategic Objectives

Three and a half decades of experience in the pharmacy industry have resulted in Nahdi's understanding of all the needs of its Guests more than ever before. As a result of this experience, the Company is in a position to provide innovative health solutions and services to its Guests wherever they are and whenever they need them, at the highest levels of quality and excellence, and in a sustainable manner exceeding their expectations. Since its establishment, Nahdi Medical Company has been continuously innovating, in line with health strategies and initiatives in the Kingdom of Saudi Arabia, always placing its Guests at the forefront of its concerns and initiatives that enhance the health individuals and society as a whole. Today, Nahdi Medical Company leads the preeminent chain of pharmacies in the Kingdom of Saudi Arabia, and subsequently seeks to enhance its services and continue to provide a distinctive shopping experience that exceeds the expectations of its Guests, while maintaining its leading position in the market by taking advantage of its brand's distinguished position and the superlative ease of access to its pharmacies by Guests. In these strategic aspirations, the Company is driven by positive expectations for the growth of the retail pharmacy market in the Kingdom in the foreseeable future; whereas, the retail market in pharmacies in which Nahdi operates is set to grow at a CAGR of 4.3% during the period from 2020G to 2026G, to reach a value of 37.6 billion Saudi Riyals in 2026G, according to Euromonitor.

The overall market growth depends on several demographic factors that have a strong impact, the most important of which are:

1- Demographic Growth:

The Kingdom of Saudi Arabia is the largest economy in the GCC with a population of about 32.9 million and a GDP of SAR 2.63 trillion in 2020. The population of Saudi Arabia is expected to grow at a CAGR of 1.3% during the period from 2020G to 2026G.

2- High Per Capita Income:

The Saudi per capita income is among the highest in the world. The Saudi economy is expected to witness a strong increase, with the disposable income per capita expected to grow at a CAGR of 4.3% during the period 2020G-2026G. It is also expected that the purchasing power in the Kingdom will increase with the participation of the female workforce, which may reach 23.6% of the overall workforce in 2026G.

3- Increasing Need for Effective Health Care:

With the Saudi Vision 2030, the Kingdom aspires to improve the efficiency of its health care system to reach a "**vibrant society**" by providing an adequate healthy life for its citizens, facilitating access to health services, and strengthening preventive measures against health problems. It is thus expected that the private sector spending on healthcare will increase at a CAGR of 5.5% during the period from 2020G to 2026G, to reach SAR 25 billion by 2026G. Accordingly, direct demand for treatment and prevention associated with medicines and primary health care will increase.

The Company has identified four strategic paths in order to achieve its growth goals:

- Strengthening the pharmaceutical services sector.
- Expanding omni-channel retail sales.
- Building and developing an integrated health services system (omni-health).
- Developing core capabilities to support the Company's strategy.

4.4.2 Strengthening the Pharmaceutical Services Sector

The Company attained rapid growth during the past decade based mainly on its knowledge of the needs and aspirations of its Guests, and is expected to achieve a significant income growth after 2021G. The Company offers a range of integrated health products and services to its Guests through a wide network of points of sale consisting of more than 1,151 pharmacies - equivalent to 1.5 times its second largest competitor - across 144 cities and villages, serving 97% of the Kingdom's population, in addition to managing three distribution centers across the Kingdom. All of this has enabled its Guests to reach Nahdi's points of sale in the shortest possible time, allowing the delivery of services within record time.

A- Strengthening strategic product categories

The Company achieved a radical development in the pharmaceutical industry since its establishment in 1986 by offering non-pharmaceutical products in its pharmacies, which provides its Guests with a unique shopping experience and allows them to meet their needs of medical and health products and services on a daily basis. The Company is a market leader in all major categories of products offered to Guests. In a market environment where both the cost of business and competition are on the increase, the Company's strategy is to provide services and products that satisfy the expectations and desires of its Guests, and offers them a distinctive shopping experience, while prioritizing the development of new categories of products providing health solutions to Guests. These promising solutions include nine categories of products, the development of which will help increasing Guest satisfaction and raise the Company's competitiveness. These products are:

- Self Medication products
- Home health care products
- Nutritional supplements
- Healthy food
- Specialty Medicine
- Mom & baby care
- Hair care products
- Skin care products
- Mom & Baby Tech products

B- Developing the share of Private Label and Direct Import Brand products

Nahdi continues to expand its own and Direct Import Brand products, to ensure that Guests are provided with a wide range of high quality products, at competitive prices. As for Private Label brands, Nahdi manages all stages of production, starting from the product idea which is based on the Guests' expectations and ending with the presentation of that product on the shelves of pharmacies. This process does not include the manufacturing stages, as products are manufactured inside and outside the Kingdom of Saudi Arabia, in countries such as the United States of America, Europe and Asia, according to the requirements and standards of local and international laws to ensure the highest possible quality.

The Company works regularly to increase the number of the brand's products to provide distinctive products to its Guests, enhance the image of its brand and improve its profit margins. Sales of Private Label Brand products accounted for 10% of total sales in 2020G, and the Company is seeking to increase this share significantly in the medium term, in order to distinguish its brand from its competitors and improve its profit margin. Furthermore, the Company has Direct Import rights for 44 major global brands.

4.4.3 Expanding omni-channel Retail Sales

The Company applies the concept of Guest focus, enhanced by its bold innovations and creative solutions, in order to ensure a unique experience for its Guests across all points of sale. The Company successfully transitioned to omni-channel approach, and is now transferring its services from pharmacies into the omni-channel ecosystem, which is more Guest-focused. The Company is also expanding its presence through digital channels and seeking to be the first in providing a seamless experience for Guests while providing a variety of products and services in the region.

A- Developing omni-channel sales in the Kingdom of Saudi Arabia

In order to optimize the benefits of its network of pharmacies in the Kingdom, the Company will focus on relocating its neighborhood pharmacies and expanding into central and premium pharmacies (which combine many attractive features, and a wide range of high-quality products and services). Such central and premium pharmacies will operate with some smart equipment as logistical support platforms for the omni-channel sales system. The Company's expansion in the Kingdom will mostly focus on the city of Riyadh during the coming period.

B- Expanding and spreading in the United Arab Emirates

In addition to digital and omni-channel sales' development, the Company also continues to offer experiences across the region by expanding into the United Arab Emirates and opening additional pharmacies inside shopping centers and various neighborhoods. Such expansion is expected to increase significantly in the medium term.

C- Development of the omni-channel sales system and e-commerce

The Company attained rapid sales growth through digital channels between 2018G and 2020G, mainly due to the activation and full readiness of the omni-channel sales system in 2018G, which has enabled it to serve its Guests during the Corona pandemic in 2020G. The Company currently fulfills 3.5

million digital sales annually. The percentage of digital sales amounted to 8% of the Company's total sales in 2020G, and this percentage is expected to achieve remarkable growth in the medium term.

The Company aims to improve the omni-channel sales system, digital shopping, product pick-up and home delivery services to increase the loyalty of Guests and the level of care, while strengthening ties, and adding value to their shopping experience. Nahdi launched a website and a high-quality user-friendly mobile application. The recurring promotions on these platforms are a major contributor to increasing digital sales, in addition to the interactive and educational content that reaches the largest number of Guests on various social media, and makes it possible to identify their needs and hear their opinions, leading to a stronger position of the Company as a multiple selling system on various platforms and an enhanced performance. As a result, Nahdi was ranked as the first company on the Nielsen Store Index for 2021G, for the pharmacy and retail sector. Nahdi also uses the global Net Promoter Score (NPS) to measure KPIs and determine the level of Guest satisfaction in all of the Company's transactions within its various departments, including the front lines.

4.4.4 Building and Developing an Integrated Health Services System (omni-health)

The integrated health services system revolves around providing an integrated health care system for the Company's Guests, starting from the provision of pharmaceutical products to the provision of primary care services. The Company aims to develop a Guest-centered system, and seeks to achieve this goal by using its various pharmacy locations as an integrated health services system that efficiently takes care of its Guests. The Company's services to Guests involve all stages of their experience and aim to increase the number of those benefitting from such services significantly in the medium term.

A- Expanding primary care centers through Nahdi Express Clinics

The Company currently operates a network of seven non-urgent care centers, which is expected to grow significantly in the medium term. These clinics are located within the pharmacies and provide primary health care through preliminary tests and examination by a clinical pharmacist who then refers the patients to a specialist doctor or, where necessary, using telemedicine services.

B- Expanding health services through a network of medical clinics, laboratories and home health care

The Company currently operates two medical clinics and expects to increase this number with the expansion of the laboratory network in the medium term. NahdiCare Clinics will provide general and specialized outpatient examinations and treatments, in addition to laboratory and radiology facilities. Collection sites for laboratory samples will be part of the services provided by the Company, and will provide further support to the integrated healthcare system through digital channels.

C- Developing telemedicine consultation services

The Company aims to provide integrated services to its Guests within a health system that caters to all their needs. By developing the Nahdi Super App, the Company's Guests will be able to:

- Schedule their appointments
- Have telemedicine (or clinic) consultation
- Access their health records and prescriptions
- Buy products online
- Obtain health follow-up services and preventive awareness

4.4.5 Developing Core Capabilities to Support the Company's Strategy

The Company is working to enhance its capabilities in the basic and required sectors to ensure the implementation and management of its strategy.

A- Enhancing technical capabilities and supply chain

The Company aims to leverage its IT and data analytics capabilities to provide a seamless experience for its Guests across all channels of sales. The Company also seeks to build supply chain networks to support the expansion of the omni-channel sales system in the Kingdom and abroad, while enhancing the efficiency of its operations.

B- Attracting and retaining the best talents

The Company works to develop its human resources by attracting, developing and retaining the best talents within the Company, in addition to creating a motivating and high performance culture connecting the tasks of the Company's employees with the achievement of the Company's goal.

C- Developing strategic partnerships

The Company works on building strategic partnerships with various stakeholders of the public and private sectors, in line with the Kingdom's future vision.

4.5 Key Developments of the Company since Establishment

The Company's business development journey began in 1986, when Abdullah bin Amer Al-Nahdi established a single-shareholder company in Jeddah. Since its establishment, the Company went through a number of developments, including the following important stages:

Launch of "Nahdi" as an Establishment in Jeddah

In 1986, Abdullah Nahdi opened the first two pharmacies in Jeddah with the aim of improving the shopping experience and achieving a radical transformation in the pharmacy industry in the Kingdom. "Nahdi" imposed itself and became not only the preferred destination for the purchase of pharmaceutical products but also for non-pharmaceutical products such as cosmetics, baby and daily life essentials. This paved the way for the development of retail pharmacies, which formed the basis for rapid growth in the pharmacy industry by providing a one-stop shop for health and lifestyle products for both Guests and Suppliers.

Transformation into a Limited Liability Company

In 2003, the establishment was converted into a limited liability company. The Saudi Economic and Development Holding Company (SEDCO), acting through Tawjeeh Services & Commercial Investments Company, acquired 50% of the shares of Nahdi Medical Company, which constituted a first step towards institutionalization and governance consolidation. The Company reached a new level of institutional excellence, supported by transparent governance policies, which enabled it to enhance its Guest experience by relying on a sustainable business model that provides community members with healthcare and lifestyle products, according to the highest standards of quality and comfort.

Building a Strong Infrastructure to Support Expansion

Since 2009, the Company began to strengthen its solid foundations by enhancing supply chain, training employees to help Guests with the best advice, and developing its ICT capabilities to provide Guests with products and services that meet their requirements and needs and offer innovative solutions and distinguished healthcare according to the highest international standards. In 2012, the Company focused on localizing jobs and attracting Saudi youth and qualified national cadres until the Company succeeded in employing more than 1,000 Saudi employees, thus confirming its great interest for the Kingdom's sons and daughters. As a result, the Human Resources Development Fund (HADAF) honored Nahdi Medical Company (NMC) as one of the top five companies in the Kingdom achieving competitive Saudization levels, with excellent rates in employee retention. The Company's localization campaign aims to attract Saudi talents to provide exceptional experiences to its guests and add pulses of hope to their lives.

The Company also commenced implementing a strategy for social responsibility and diabetes education programs, in cooperation with the Joslin Diabetes Center, and training for health educators for them to start managing education centers inside pharmacies. These programs seek to raise awareness among Nahdi Guests and explain various ways to manage physical condition and improve lifestyle for a better health and life.

By 2013, the Company launched its new corporate identity with the aim of carrying out its activities according to the "**community pharmacy**" concept, which revolves around providing Guests with exceptional experiences and distinguished healthcare services that meet their requirements. In the following years, a number of services were launched to achieve this goal. The strategy of providing products was implemented simultaneously with the geographical expansion whereby "**Nahdi**" pharmacies were set to become the local community's preferred destination for pharmaceutical products, and the extension to new ranges of products including cosmetics, children and non-pharmaceutical supplies. As a result, the number of purchases reached about 80 million by the end of 2015 and there were 1,000 pharmacies by 2016.

E-Commerce

In 2016, the sale service was launched via the Nahdi e-commerce platform, including bold innovations and creative solutions, so that the Company's guests benefit from a unique experience across all touch points of sale. The Company was successful in transitioning to omni-channel sales and is now in the process of transferring its services from pharmacies into the more Guest-focused omni-channel ecosystem.

Retail omni-channel Sales Strategy

In 2018, the Company launched a new strategy to enhance Guest experience across all points of sale, by focusing on Guests while offering bold innovations and creative solutions across all points of sale. The Company has had significant success in transitioning to omni-channel sales.

Launching the omni-health Strategy through Innovation

In 2021, the Company integrated its pharmacies within its own healthcare services, with the aim of creating a unique system that meets all the healthcare needs of the Company's Guests. The integrated healthcare platform -also known as omni-health- keeps pace with the trends and challenges of the personal healthcare sector, by relying on digital analytics, and has led to the launch of the Smart Logistics Supply Center for omni-health Distribution which was completed at the end of the fiscal year 2021G, which is the outcome of the Company's continued passion for providing Guests with a seamless experience including technological innovations and the latest supply chain solutions. As a result, Nahdi Guests are able today to access a comprehensive health system easily and comfortably through their mobile devices while benefiting from home delivery service.

Table (4-1): Key Developments of the Company since Establishment:

Year	Event/Development
1986G - 2002G	• Establishment of Nahdi as an establishment. • Opening of the first pharmacy in the city of Jeddah. • Expansion to 50 pharmacies in Jeddah in 1998G. • Expansion to 100 pharmacies in 2002G.
2003G	• Acquisition by SEDCO (through Tawjeeh Services & Commercial Investments Company) of 50% of the shares of Nahdi Medical Company LLC.
2009G	• Adopting a strategy for coordinating offers within pharmacies. • Promoting the development of supply chain operations. • Establishing Nahdi Academy to train and develop its employees.
2010G	• Number of pharmacies reached 500 pharmacies throughout the Kingdom.
2012G	• Improving and developing the work environment, whereby the Company won the award for the best work environment in the Kingdom for the year 2012G. • Commenced implementing a strategy for social responsibility and diabetes education programs.
2013G	• Nahdi launched its new corporate identity with the aim of carrying out its activities according to the "community pharmacy" concept.
2014G	• Introducing the medical insurance program within its pharmacies. • Launching the "Nuhdeek" loyalty program to serve its Guests and contribute to creating a unique experience. • Redefining pharmacy design to enhance the shopping experience for Guests.
2015G	• Opening the first pharmacy inside commercial centers and malls. • Launching the Wazen Health Program to achieve a healthy lifestyle for the community.
2016G	• Launching the omni-channel sales service. • The number of pharmacies reached 1,000 pharmacies. • Launching the "Nahdi" application. • Achieving a record in the Guinness Book of Records for serving pilgrims in 1437H.
2017G	• Launching the Company's new strategy to keep pace with the objectives of the Kingdom's Vision 2030 for the healthcare sector. • Launching the "Pulse of Hope" strategy for sustainable social responsibility. • Opening of the Company's first and largest central pharmacy to add a unique shopping experience to all its Guests.
2018G	• Launching a new strategy for multiple e-commerce sales channels. • Initiating community partnership by entering into an agreement with the Ministry of Health. • Organizing the first conference on the safe use of antibiotics in partnership with the Ministry of Health and the World Health Organization.
2019G	• Opening the first NahdiCare Clinic. • Opening of the first pharmacy in the United Arab Emirates.
2020G	• Opening of the first NahdiCare Express Clinic.
2021G	• Opening of the Company's largest Smart Logistics Distribution Center. • Number of pharmacies reached 1,152 in mid-2021G.

Source: The Company.

4.6 Overview of the Company and Growth of its Capital

The Company started its activity as an establishment established by Abdullah bin Amer bin Munif Al-Nahdi on 11/10/1406H (corresponding to 18/06/1986G). On 03/04/1424H (corresponding to 03/06/2003G), Abdullah bin Amer bin Munif Al-Nahdi Establishment was converted from an establishment to a limited liability company by the name of Abdullah Amer Munif Al-Nahdi & Partners Company for Pharmacies and Medical Equipment with the participation of the Tawjeeh Services & Commercial Investments Company, and with a capital of fifty million (50,000,000) Saudi Riyals divided into fifty thousand (50,000) fully paid in-kind shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share.

Table (4-2): The Company's Ownership Structure Pre- and Post-Offering

Number of Shareholders: The number of current shareholders is two (2) shareholders (Pre-IPO). They collectively own one hundred thirty million (130,000,000) ordinary shares, fully paid, as follows:

No.	Shareholder Name	Pre-Offering			Post-Offering		
		No. of Shares	Ownership Percentage	Par Value	No. of Shares	Ownership Percentage	Par Value
1	Saudi Economic and Development Holding Company (SEDCO)	65,000,000	50%	650,000,000	45,500,000	35%	455,000,000
2	Al-Nahdi Holding Company Limited	65,000,000	50%	650,000,000	45,500,000	35%	455,000,000
3	Public	-	-	-	39,000,000	30%	390,000,000
Total		**130,000,000**	**100%**	**1,300,000,000**	**130,000,000**	**100%**	**1,300,000,000**

The following is the Company's ownership structure upon its incorporation:

Table (4-3): Company Ownership Structure upon Incorporation:

Name	Number of Shares	Par Value	Total Share Value (SAR)	Ownership Percentage
Abdullah Amer Abdullah Al-Nahdi	25,000	1,000	25,000,000	50%
Tawjeeh Services & Commercial Investments Company	25,000	1,000	25,000,000	50%
Total	**50,000**	**1,000**	**50,000,000**	**100%**

Source: The Company.

On 02/06/1425H (corresponding to 19/07/2004G), the Company's name was changed to Nahdi Medical Company. On 20/04/1429H (corresponding to 26/04/2008G), Abdullah Amer Munif Al-Nahdi assigned his entire twenty-five thousand (25,000) shares to Al-Nahdi Holding Company Limited. On 29/07/1439H (corresponding to 15/04/2018G), Youssef Mayoud Al-Harthi entered the Company as a sweat equity.

Table (4-4): Company's Ownership Structure as at 20/04/1429H (corresponding to 27/04/2008G):

Name	Number of Shares	Par Value	Total Share Value (SAR)	Ownership Percentage
Al-Nahdi Holding Company Limited	25,000	1,000	25,000,000	50%
Tawjeeh Services & Commercial Investments Company	25,000	1,000	25,000,000	50%
Total	**50,000**	**1,000**	**50,000,000**	**100%**

Source: The Company.

On 19/04/1441H (corresponding to 16/12/2019G), the Tawjeeh Services & Commercial Investments Company sold the totality of its twenty-five thousand (25,000) shares to Saudi Economic and Development Holding Company (SEDCO).

Table (4-5): Company's Ownership Structure as at 19/04/1441H (corresponding to 16/12/2019G):

Name	Number of Shares	Par Value	Total Share Value (SAR)	Ownership Percentage
Al-Nahdi Holding Company Limited	25,000	1,000	25,000,000	50%
Saudi Economic and Development Holding Company (SEDCO)	25,000	1,000	25,000,000	50%
Total	**50,000**	**1,000**	**50,000,000**	**100%**

Source: The Company.

On 20/12/1441H (corresponding to 10/08/2020G), the Company increased its capital from fifty million (SAR 50,000,000) Saudi Riyals to one billion (SAR 1,000,000,000) Saudi Riyals, divided into one million (1,000,000) fully paid cash shares of equal value of one thousand (SAR 1,000) Saudi Riyals per share, through the capitalization of nine hundred and fifty million (SAR 950,000,000) Saudi Riyals from the Company's retained earnings account as certified by the chartered accountant.

Table (4-6): Company's Ownership Structure as at 20/12/1441H (corresponding to 10/08/2020G):

Name	Number of Shares	Par Value	Total Share Value (SAR)	Ownership Percentage
Al-Nahdi Holding Company Limited	500,000	1,000	500,000,000	50%
Saudi Economic and Development Holding Company (SEDCO)	500,000	1,000	500,000,000	50%
Total	**1,000,000**	**1,000**	**1,000,000,000**	**100%**

Source: The Company.

On 05/02/1443H (corresponding to 12/09/2021G), the Company increased its capital from one billion (SAR 1,000,000,000) Saudi Riyals to one billion three hundred million (SAR 1,300,000,000) Saudi Riyals, divided into one million three hundred thousand (1,300,000) fully paid cash shares of equal value of one thousand (SAR 1,000) Saudi Riyals per share, through the capitalization of three hundred million (SAR 300,000,000) Saudi Riyals from the Company's retained earnings account as certified by the chartered accountant.

Table (4-7): Company's Ownership Structure as at 05/02/1443H (corresponding to 12/09/2021G):

Name	Number of Shares	Par Value	Total Share Value (SAR)	Ownership Percentage
Al-Nahdi Holding Company Limited	650,000	1,000	650,000,000	50%
Saudi Economic and Development Holding Company (SEDCO)	650,000	1,000	650,000,000	50%
Total	**1,300,000**	**1,000**	**1,300,000,000**	**100%**

Source: The Company.

On 27/02/1443H (corresponding to 04/10/2021G), the Company was converted from a limited liability company to a (closed) joint stock company with a capital of one billion three hundred million (SAR 1,300,000,000) Saudi Riyals, divided into one hundred and thirty million (130,000,000) fully paid ordinary shares with a nominal value of ten (SAR 10) Saudi Riyals per share.

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

Table (4-8): Company's ownership structure as at the date of this Prospectus:

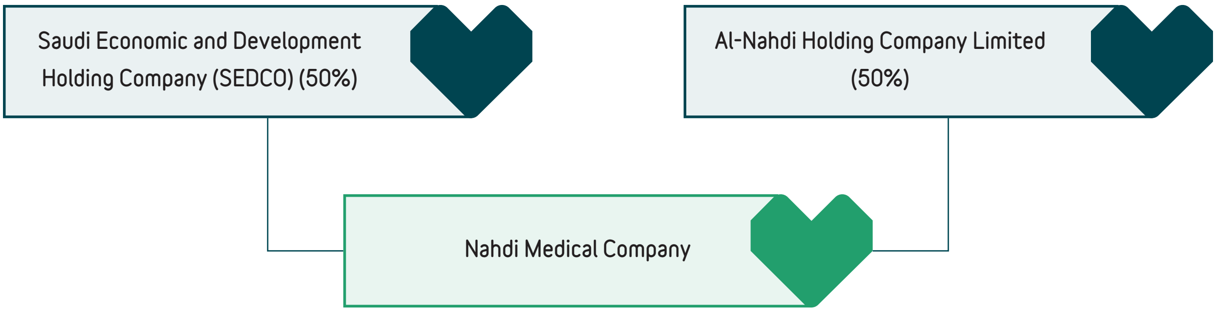
Name	No. of Shares	Par Value	Total Share Value (SAR)	Ownership Percentage
Al-Nahdi Holding Company Limited	65,000,000	10	650,000,000	50%
Saudi Economic and Development Holding Company (SEDCO)	65,000,000	10	650,000,000	50%
Total	**130,000,000**	**10**	**1,300,000,000**	**100%**

Source: The Company.

4.7 Overview of the Shareholders

The following chart shows the ownership structure of the Company:

Figure (4-2): Company's ownership structure as at the date of this Prospectus



4.7.1 Al-Nahdi Holding Company Limited

Al-Nahdi Holding Company Limited is a limited liability company, with a capital of five hundred thousand (500,000) Saudi Riyals divided into five hundred (500) shares, with a nominal value of one thousand (1000) Saudi Riyals per share. The Company is registered in the Commercial Register of Jeddah under No. 4030173957, dated 09/11/1428H (corresponding to 19/11/2007G).

The main activities of Al-Nahdi Holding Company Limited include managing its subsidiaries; participating in the management of other companies in which it contributes and providing the necessary support thereto; investing its money in shares and other securities; owning real estate and movables necessary to conduct its activity; providing loans and guarantees; financing its subsidiaries; owning industrial property rights such as patents, trademarks, industrial rights, franchise rights and other moral rights; exploiting such rights and renting them to its subsidiaries or to third parties.

The following table shows the ownership structure of Al-Nahdi Holding Company Limited, as at the date of this Prospectus:

Table (4-9): Ownership Structure of Al-Nahdi Holding Company Limited, as at the date of this Prospectus:

Partner Name	Ownership Percentage	Number of shares
Dan General Trading & Contracting Company	91%	455
Ejada I Trading Company (single shareholder company)	2%	10
Arib I Trading Company (single shareholder company)	2%	10
Anar General Trading LLC	2%	10
Aban I Trading Company (single shareholder company)	1%	5
Amar I Trading Company (single shareholder company)	1%	5
Tara'a I Trading Company (single shareholder company)	1%	5
Total	**100%**	**500**

Source: The Company.

4.7.1.1 Dan General Trading & Contracting Company

Dan General Trading & Contracting Company is a limited liability company, with a capital of twenty-five thousand Saudi riyals (SAR 25,000), divided into two thousand and five hundred (2,500) shares, with a nominal value of ten Saudi riyals (SAR 10) per share.

The main activities of Dan General Trading & Contracting Company include professional, scientific and technical activities.

The following table shows the ownership structure of Dan General Trading & Contracting Company, as at the date of this Prospectus:

Table (4-10): Ownership Structure of Dan General Trading & Contracting Company, as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Abdullah Amer Abdullah Al-Nahdi	99%	2,475
Aisha Ibrahim Dhaifullah Al-Juaid	1%	25
Total	**100%**	**2,500**

Source: The Company.

4.7.1.2 Ejada I Trading Company (single shareholder company)

Ejada I Trading Company (single shareholder company) is a limited liability company, with a capital of twenty-five thousand Saudi riyals (SAR 25,000), divided into two thousand and five hundred (2,500) shares, with a nominal value of ten Saudi riyals (SAR 10) per share.

The main activities of Ejada I Trading Company (single shareholder company) include professional, scientific and technical activities.

The following table shows the ownership structure of Ejada I Trading Company (single shareholder company), as at the date of this Prospectus:

Table (4-11): Ownership Structure of Ejada I Trading Company (single shareholder company), as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Amer Abdullah Amer Al-Nahdi	100%	2,500
Total	**100%**	**2,500**

Source: The Company.

4.7.1.3 Arib I Trading Company (single shareholder company)

Arib I Trading Company (single shareholder company) is a limited liability company, with a capital of twenty-five thousand Saudi riyals (SAR 25,000), divided into two thousand and five hundred (2,500) shares, with a nominal value of ten Saudi riyals (SAR 10) per share.

The main activities of Arib I Trading Company (single shareholder company) include professional, scientific and technical activities.

The following table shows the ownership structure of Arib I Trading Company (single shareholder company), as at the date of this Prospectus:

Table (4-12): Ownership Structure of Arib I Trading Company (single shareholder company), as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Abdulrahmman Amer Abdullah Al-Nahdi	100%	2,500
Total	**100%**	**2,500**

Source: The Company.

4.7.1.4 Anar General Trading LLC

Anar General Trading LLC is a limited liability company, with a capital of twenty-five thousand Saudi riyals (SAR 25,000), divided into two thousand and five hundred (2,500) shares, with a nominal value of ten Saudi riyals (SAR 10) per share.

The main activities of Anar General Trading LLC include professional, scientific and technical activities.

The following table shows the ownership structure of Anar General Trading LLC, as at the date of this Prospectus:

Table (4-13): Ownership Structure of Anar General Trading LLC, as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Nawaf Abdullah Amer Al-Nahdi	99%	2,475
Abdullah Amer Abdullah Al-Nahdi	1%	25
Total	**100%**	**2,500**

Source: The Company.

4.7.1.5 Aban I Trading Company (single shareholder company)

Aban I Trading Company (single shareholder company) is a limited liability company, with a capital of twenty-five thousand Saudi riyals (SAR 25,000), divided into two thousand and five hundred (2,500) shares, with a nominal value of ten Saudi riyals (SAR 10) per share.

The main activities of Aban I Trading Company (single shareholder company) include professional, scientific and technical activities.

The following table shows the ownership structure of Aban I Trading Company (single shareholder company), as at the date of this Prospectus:

Table (4-14): Ownership Structure of Aban I Trading Company (single shareholder company), as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Bayan Abdullah Amer Al-Nahdi	100%	2,500
Total	**100%**	**2,500**

Source: The Company.

4.7.1.6 Amar I Trading Company (single shareholder company)

Amar I Trading Company (single shareholder company) is a limited liability company, with a capital of twenty-five thousand Saudi riyals (SAR 25,000), divided into two thousand and five hundred (2,500) shares, with a nominal value of ten Saudi riyals (SAR 10) per share.

The main activities of Amar I Trading Company (single shareholder company) include professional, scientific and technical activities.

The following table shows the ownership structure of Amar I Trading Company (single shareholder company), as at the date of this Prospectus:

Table (4-15): Ownership Structure of Amar I Trading Company (single shareholder company), as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Wejdan Abdullah Amer Al-Nahdi	100%	2,500
Total	**100%**	**2,500**

Source: The Company.

4.7.1.7 Tara'a I Trading Company (single shareholder company)

Tara'a I Trading Company (single shareholder company) is a limited liability company, with a capital of twenty-five thousand Saudi riyals (SAR 25,000), divided into two thousand and five hundred (2,500) shares, with a nominal value of ten Saudi riyals (SAR 10) per share.

The main activities of Tara'a I Trading Company (single shareholder company) include professional, scientific and technical activities.

The following table shows the ownership structure of Tara'a I Trading Company (single shareholder company), as at the date of this Prospectus:

Table (4-16): Ownership Structure of Tara'a I Trading Company (single shareholder company), as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Wafa'a Abdullah Amer Al-Nahdi	100%	2,500
Total	**100%**	**2,500**

Source: The Company.

4.7.2 Saudi Economic and Development Holding Company (SEDCO)

Saudi Economic and Development Holding Company (SEDCO) is a closed joint stock company, with a capital of three hundred million (300,000,000) Saudi Riyals, divided into thirty million (30,000,000) shares, with a nominal value of ten (10) Saudi Riyals per share. The company is registered in the Commercial Register of Jeddah under No. 4030010885, dated 01/01/1397H (corresponding to 22/12/1976G). The head office of Saudi Economic and Development Holding Company (SEDCO) is in Jeddah, KSA.

The main activities of Saudi Economic and Development Holding Company (SEDCO) include managing its subsidiaries; participating in the management of other companies in which it contributes and providing the necessary support thereto; investing its money in shares and other securities; owning real estate and movables necessary to conduct its activity; providing loans and guarantees; financing its subsidiaries; owning industrial property rights such as patents, trademarks, industrial rights, franchise rights and other moral rights; exploiting such rights and renting them to its subsidiaries or to third parties.

Table (4-17): Ownership Structure of Saudi Economic and Development Holding Company (SEDCO) as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Mubarak Bin Abdullah Bin Awad Baarmah	1.61%	483,900
Saleh Bin Salem Bin Ahmed Bin Mahfouz	11.58%	3,475,350
Abdelelah Bin Salem Bin Ahmed Bin Mahfouz	12.9%	3,870,960
Ahmed Bin Salem Bin Ahmed Bin Mahfouz	11.32%	3,394,520
Thanaa Bin Salem Bin Ahmed Bin Mahfouz	5.65%	1,693,560
Layla Bint Salem Bin Ahmed Bin Mahfouz	6.47%	1,941,076
Fawzia Bint Salem Bin Ahmed Bin Mahfouz	5.66%	1,698,458
Haifa Bint Salem Bin Ahmed Bin Mahfouz	6.45%	1,935,480
Sawsan Bint Salem Bin Ahmed Bin Mahfouz	5.65%	1,693,560
Ibtisam Bint Salem Bin Ahmed Bin Mahfouz	6.47%	1,941,076
Rawya Bint Salem Bin Ahmed Bin Mahfouz	6.47%	1,941,076
Zein Bint Abdulaziz Bin Muhammad Kaaki	1.29%	387,478
Saeed Bin Mubarak Bin Abdullah Baarmah	0.6%	181,440
Samir Bin Mubarak Bin Abdullah Baarmah	0.6%	181,440
Abdullah Bin Mubarak Bin Abdullah Baarmah	0.6%	181,440
Ahmed Bin Mubarak Bin Abdullah Baarmah	0.6%	181,440
Awatef Bint Mubarak Bin Abdullah Baarmah	0.3%	90,720
Huda Bint Mubarak Bin Abdullah Baarmah	0.3%	90,720
Mona Bint Mubarak Bin Abdullah Baarmah	0.3%	90,720
Lamia Bint Mubarak Bin Abdullah Baarmah	0.3%	90,720
Salwa Bint Sami Bin Mubarak Bin Abdullah Baarmah	0.2%	60,510
Suhail Bin Sami Bin Mubarak Bin Abdullah Baarmah	0.2%	60,510
Walid Bin Muhammad Bin Salem Bin Mahfouz	2.01%	602,764
Salem Bin Muhammad Bin Salem Bin Mahfouz	2.01%	602,160
Rayan Bin Muhammad Bin Salem Bin Mahfouz	2.01%	602,160
Ruwaidah Bint Muhammad Bin Salem Bin Mahfouz	1.00%	301,080
Hunaida Bint Muhammad Bin Salem Bin Mahfouz	1.00%	301,080
Sarah Bint Muhammad Bin Salem Bin Mahfouz	0.9%	270,972
Qsour Al-Hanaa for Urban Development Ltd	5.51%	1,653,630
Total	**100%**	**30,000,000**

Source: The Company.

4.7.2.1 Qsour Al-Hanaa for Urban Development Ltd

Qsour Al-Hanaa for Urban Development Ltd is a limited liability company, with a capital of five-hundred thousand Saudi riyals (SAR 500,000), divided into five-hundred thousand (500,000) shares, with a nominal value of one Saudi riyals (SAR 1) per share.

The main activities of Qsour Al-Hanaa for Urban Development Ltd include the purchase of properties and land for development and construction purposes; investment of such properties by selling or leasing them for the benefit of the company; wholesale trade of fabrics, ready-made clothing, furniture, textiles, carpets, blankets, bedspreads and shoes; and commercial agencies relating to the company's objectives.

The following table shows the ownership structure of Qsour Al-Hanaa for Urban Development Ltd, as at the date of this Prospectus:

Table (4-18): Ownership Structure of Qsour Al-Hanaa for Urban Development Ltd, as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Methak Investment Holding Company	99%	495,000
AlRuwad Almethalyon Development Company	1%	5,000
Total	**100%**	**500,000**

Source: The Company.

4.7.2.2 Methak Investment Holding Company Ltd

Methak Investment Holding Company Ltd is a limited liability company, with a capital of one million Saudi riyals (SAR 1,000,000), divided into one thousand (1,000) shares, with a nominal value of one thousand Saudi riyals (SAR 1,000) per share.

The main activities of Methak Investment Holding Company Ltd include participating in the establishment of other companies with an ownership percentage that enables it to control such companies, manage its subsidiaries, or otherwise participate in the management of, or give the needed support to, other companies in which it has a shareholding; invest its monies in shares and other securities; own properties and movables required to carry out its activity; and give loans, guarantees and financing to its subsidiaries; own industrial property rights such as patents, trademarks, industrial rights, franchises and other incorporeal rights as well as use and rent such rights to its subsidiaries and third parties.

The following table shows the ownership structure of Methak Investment Holding Company Ltd, as at the date of this Prospectus:

Table (4-19): Ownership Structure of Methak Investment Holding Company Ltd, as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Saleh Bin Salem Bin Ahmed Bin Mahfouz	25%	250
Abdelelah Bin Salem Bin Ahmed Bin Mahfouz	25%	250
Ahmed Bin Salem Bin Ahmed Bin Mahfouz	25%	250
Walid Bin Muhammad Bin Salem Bin Mahfouz	25%	250
Total	**100%**	**1,000**

Source: The Company.

4.7.2.3 AlRuwad Almethalyon Development Company Ltd

AlRuwad Almethalyon Development Company Ltd is a limited liability company with a capital of five-hundred thousand Saudi riyals (SAR 500,000), divided into five hundred thousand (500,000) shares, with a nominal value of one Saudi riyals (SAR 1) per share.

The main activities of AlRuwad Almethalyon Development Company Ltd. include the purchase of lands and properties for development and construction purposes; investment of such land and properties by selling or leasing them for the benefit of the company; provision of commercial bonds and agencies relating to the company's activity after registering the same in the commercial agencies register, as per the applicable law.

The following table shows the ownership structure of AlRuwad Almethalyon Development Company Ltd, as at the date of this Prospectus:

Table (4-20): Ownership Structure of AlRuwad Almethalyon Development Company Ltd, as at the date of this Prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Methak Investment Holding Company Ltd*	99%	495,000
Skan Methaly Development Company Ltd	1%	5,000
Total	**100%**	**500,000**

Source: The Company.

*The structure of Methak Investment Holding Company Ltd is set forth in Section 4.7.2.2.

4.7.2.4 Skan Methaly Development Company Ltd

Skan Methaly Development Company Ltd is a limited liability company with a capital of five hundred thousand Saudi riyals (SAR 500,000), divided into five hundred thousand (500,000) shares, with a nominal value of one Saudi riyals (SAR 1) per share.

The main activities of Skan Methaly Development Company Ltd include the purchase of lands and properties for development and construction purposes; investment of such land and properties by selling or leasing them for the benefit of the company; provision of commercial bonds and agencies relating to the company's activity after registering the same in the commercial agencies register, as per the applicable law.

The following table shows the ownership structure of Skan Methaly Development Company Ltd, as at the date of this Prospectus:

Table (4-21): The Ownership Structure of Skan Methaly Development Company Ltd, as at the date of this prospectus:

Shareholder Name	Ownership (%)	No. of Shares
Methak Investment Holding Company Ltd*	99%	495,000
AlRuwad Almethalyon Development Company Ltd**	1%	5,000
Total	**100%**	**500,000**

Source: The Company.

*The structure of Methak Investment Holding Company Ltd is set forth in Section 4.7.2.2.

**The structure of AlRuwad Almethalyon Development Company Ltd is set forth in Section 4.7.2.3.

4.8 Subsidiaries

Currently, the Company has three fully-owned Subsidiaries. The following is a summary of said Subsidiaries:

4.8.1 Nahdi Care Co. Ltd.

Nahdi Care Co. Ltd. is a limited liability company, with a capital of fifty thousand (50,000) Saudi Riyals divided into fifty (50) shares of equal value of one thousand (1000) Saudi Riyals per share. The company is registered in the Commercial Register of Jeddah under No. 4030158847, dated 05/11/1426H (corresponding to 06/12/2005G). The head office of Nahdi Care Co. Ltd. is in Jeddah, KSA.

The main activities of Nahdi Care Co. Ltd include construction; education; information and communication; real estate activities; administrative and support services activities; human health and social work activities; public administration, defense and compulsory social security; water supply and sanitation activities; as well as waste management and treatment.

The following table shows the ownership structure of Nahdi Care Co. Ltd.

Table (4-22): Ownership Structure of Nahdi Care Co. Ltd. as at the date of this Prospectus:

Partner Name	Ownership Percentage	Number of shares
Nahdi Medical Company	100%	50

Source: The Company.

4.8.2 Sakhaa Golden for Contracting & Trading Co. Ltd.

Sakhaa Golden for Contracting & Trading Co. Ltd. is a limited liability company, with a capital of one million (1,000,000) Saudi Riyals divided into one thousand (1,000) shares of equal value of one thousand (1,000) Saudi Riyals per share. The company is registered in the Commercial Register of Jeddah under No. 4030163145, dated 29/06/1427H (corresponding to 26/7/2006G). The head office of Sakhaa Golden for Contracting & Trading Co. Ltd. is in Jeddah, KSA.

The main activities of Sakhaa Golden for Contracting & Trading Co. Ltd. include wholesale and retail trade; human health and social work activities; construction; transportation and storage; accommodation and food services activities; information and communication; real estate activities; professional, scientific and technical activities; administrative and support services activities; education; industry manufacturing; agriculture; forestry; and fishing.

The following table shows the ownership structure of Sakhaa Golden for Contracting & Trading Co. Ltd.

Table (4-23): Ownership Structure of Sakhaa Golden for Contracting & Trading Co. Ltd. as at the date of this Prospectus:

Partner Name	Ownership Percentage	Number of shares
Nahdi Medical Company	100%	1,000

Source: The Company.

4.8.3 Nahdi Investment Co. Ltd.

Nahdi Investment Co. Ltd. was established as a limited liability company with a capital of one hundred thousand (100,000) United Arab Emirates dirhams divided into one hundred (100) shares of equal value of one thousand (1,000) UAE dirhams per share. The head office of Nahdi Investment Co. Ltd. in Dubai, UEA. The company also holds a commercial license under No. 822864, dated 06/01/2019G.

The company's main activities include investing in, establishing and managing health and commercial projects.

The following table shows the ownership structure of Nahdi Investment Co. Ltd.

Table (4-24): Ownership Structure of Nahdi Investment Co. Ltd. as at the date of this Prospectus:

Partner Name	Ownership Percentage	Number of shares
Nahdi Medical Company	100%	100

Source: The Company.

4.9 Overview of the Company's Main Activities

According to the report prepared by Euromonitor, the Company is the largest retail Pharmacy operator in terms of revenue and number of stores in the Kingdom of Saudi Arabia in 2021G, with a market share of 31%. The company's state-of-the-art platform focuses on the supply chain of pharmaceutical and healthcare products enhanced through healthcare services, to cover the healthcare needs of Guests throughout their lifetime. With its end-to-end supply chain and "**one-stop-channel**" approach that includes receiving medicines and healthcare products in person and online, the Company believes it can redefine how Guests manage their personal health.

The Company operates in the following areas: (1) Publishing, operating and managing a group of Pharmacies, and (2) providing health care services, primarily in the Kingdom of Saudi Arabia. The Company also allows Guests to purchase pharmaceutical and healthcare products and services whenever and wherever they want, and provides them with an integrated and comprehensive shopping experience that combines direct selling, an online e-marketplace, and the one-stop-channel initiative. 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 Guests.

The Company generates revenue from Guests by:

- Selling pharmaceutical and non-pharmaceutical products, through in-store and online sales to third parties.
- Providing health care services through general clinics, Nahdi Express Clinics, telemedicine, home health care and instant consultations for Guests.

The Company's business is based on its commitment to provide care and protection through its products and services to society in general and to all customers whom the company considers to be "Guests".

The Company's Pharmacies provide a comprehensive range of pharmaceutical products that include Self Medication, prescription (Rx) and non-pharmaceutical products including beauty, maternity and child care, general health and personal care; all with the aim of satisfying all of its Guests' health and wellness needs. The Company currently supplies more than 17,000 Stock Keeping Units (SKUs) in its Pharmacies from suppliers outside the Kingdom such as Bayer, Sanofi, Pfizer, Johnson & Johnson, AstraZeneca, GlaxoSmithKline, L'Oreal, Pierre Fabre, Colgate, Unilever, Abbott, Nestle, Procter & Gamble, in addition to reputable local suppliers. The Company attracted more than 100 million Guests during the financial year ended 31 December 2020G, and more than 48 million Guests in the first six months of 2021G.

As of 30 June 2021G, the Company operated 1,151 Pharmacies dispersed in strategic locations throughout the Kingdom inside main and remote population centers, which attract and meet the needs of multiple categories of Guests, including Hajj and Umrah pilgrims, retail shoppers and health care facility patients. The Company's Pharmacies are specifically located in strategic locations in 144 Saudi cities, including Riyadh, Jeddah, Makkah, Taif, Madinah, Khobar, Dammam, Jizan, Qassim, Tabuk, Najran, Al Baha, Al Jawf and Hail. In addition, the Company operates a Pharmacy in Dubai. Company Pharmacies are categorized into a specific "group" based on the size and location of the Pharmacy (e.g. neighborhoods, shopping malls, airports, train stations, holy cities, and general hospitals/clinics). The Company also offers a variety of online products and merchandise that is exclusively available online, in addition to diabetes education and comprehensive community health program "Wazen" services.

The Company entered the primary health care sector in 2019G and began providing high-quality services to its Guests by opening its first clinic in the city of Jeddah. Since then, the Company has expanded the range of health care services provided thereby to include the following:

- Two medical clinic complexes located in the city of Jeddah and offering a variety of specialties, including family medicine, internal medicine, ophthalmology, dermatology, radiology, cardiology, pediatrics, obstetrics and gynecology, orthopedics, ear, nose and throat, nutrition, dentistry, and neuroscience, urology, speech and language therapy.

- Seven non-urgent care clinics (Express Clinics) in Pharmacies providing a selection of primary care services consultations such as simple skin rashes, vomiting or diarrhea, upper respiratory symptoms, blood sugar and blood pressure measurement, cumulative glucose count, fat level analysis, vaccinations and weight control services, among others.
- Telemedicine, which is a service that allows patients to book video consultations with a physician of the Guests' choice and get medical services remotely through the NahdiCare clinics application.Home health care services that are provided to patient's at a location of their choice by the home health care team consisting of nurses, physicians and physiotherapists, which also provide ambulance, laboratory, injections, wound care, COVID-19 testing, PCR, nursing home visits, incision of abscesses and drainage of pus, supplying oxygen, consulting a doctor, physical therapy, and vaccination services.

Since the launch of the e-commerce platform "Al-Nahdi Online" and "Al-Nahdi App" for smart devices in 2017G, which facilitated the sale of its pharmaceutical and other products via the internet, the Company has continued to develop its capabilities online to include the "one-stop sales channel" approach that connects store services, in addition to the "Click-and-collect" service, delivery service, and Guest care services. Revenues generated from the Company's e-commerce platforms grew from 1% of total Pharmacy revenues for the year ended 31 December 2018G, to 8% in the year ended 31 December 2020G, and 9% in the Six Month Period Ended 30 June 2021G. In the field of healthcare services, the Company has expanded the range of products and services offered online in order to achieve its goal of providing accessible healthcare to patients, and to develop a holistic Guest-centric approach that aims to provide all-inclusive centers for Guest health care at all levels, from booking appointments, physician consultations, access to health records, treatment and medication, which allows for monitoring to follow up on the services provided by health care providers.

4.9.1 Key Performance Indicators

The following table sets forth the Company's key performance operating metrics, which the Directors consider to be its key performance indicators for 31 December 2018G, 31 December 2019G and 31 December 2020G and the Six Month Period Ended 30 June 2021G. The Company also witnessed a steady positive cash flow over each period, which enabled it to pay off its debts and support its future development and expansion efforts.

Table (4-25): The Company's Key Performance Indicators:

KPIs	FY18G	FY19G	FY20G	H1 FY20G	H1 FY21G
Pharmacy Sector					
Number of Pharmacies at the end of the relevant period	1151	1164	1148	1174	1152
Average size of the Pharmacy at the end of the relevant period (sq. meters)	340	346	356	343	361
Sales (in millions)	86	94	100	51	48
Average value of purchases per customer, including VAT (SAR)	85	84	89.4	89.8	89.2
Loyalty program customer base (who have completed purchases)	4,081,217	4,502,615	4,893,604	4,021,270	4,224,466
Total revenue from products (in thousand SAR)	7,350,003	7,824,312	8,636,839	4,519,504	4,041,054
Pharmaceutical Products (in thousand SAR)	2,180,138	2,320,802	2,489,252	1,256,826	1,224,256
Non-pharmaceutical products (in thousand SAR)	5,169,865	5,503,510	6,147,586	3,262,678	2,816,799
Direct import products and private label products (%)	5.4%	7.5%	10.5%	10.1%	10.6%
Online platforms					
Website visitors (in millions)	15	25	79	40	42
Sales (in thousand SAR)	55,727	266,944	678,449	438,892	380,117
Healthcare sector					
Integrated health services net revenues (in thousand SAR)	-	250	7,360	1,040	13,629

Source: Company information.

4.9.2 Pharmacy Sector

The Company provides many high quality branded and private label pharmaceutical and non-pharmaceutical products through its Pharmacies, the "Al-Nahdi Online" e-commerce platform, and the "Al-Nahdi" smart device application that sells its products to Guests.

The Company sells several brands in every product category, many of which offered thereby since its inception.

4.9.2.1 Product Categories

4.9.2.1.1 Overview

As at 30 June 2021G, the Company sells more than 17,000 medicines, health-related products, maternity and child care products, as well as beauty and consumer goods from major international and local suppliers. The Company also sells a comprehensive range of private label products that it sells in its Pharmacies and e-commerce platforms. Over the years, the Company has built long-term strategic relationships with suppliers outside the Kingdom such as Procter & Gamble, Bayer, Sanofi, Pfizer, Johnson & Johnson, AstraZeneca, GlaxoSmithKline, L'Oréal, Pierre Fabre, Colgate, Unilever, Abbott and Nestle, as well as with reputable local suppliers such as Tamr and Ismail Abu Dawood, Arak, Saqala and Benzagr.

The following table illustrates the Company's main product categories, and includes a selection of brands, the number of products offered, the number of suppliers, and the number of Stock Keeping Units (SKUs) for each product category:

Table (4-26): Categories of products offered by the Company as at 30 June 2021G:

Product Category	Selection of Brands	Number of Products	Number of Suppliers	SKUs
Pharmaceutical products				
Self Medication	Panadol, Bepanthen, Rofenac	472	70	833
Rx	Nexium, Atacand, Forcega, Symbicort Turbuhaler	838	60	1,532
Non-Pharmaceutical products				
Beauty care products	Maybelline, L'Oreal, Bourjois, Rimmel, Ducray, Knox, Shiseido, Bioderma, Neutrogena, Pantene	311	153	7,168
Maternity and baby care products	Pampers, Johnson's Baby Care, Similac	224	123	2,758
Health care products	GNC, U Well, Movera, ChannelMed	553	215	2,486
Consumer Goods	Nivea, Oryx, Sensodyne, Oral-B, Dove, Beesline, Dettol, Gillette, Nahdi, Vaseline	236	143	2,371
Total		**2,634**	**764**	**17,148**

Source: Company information.

The following table details the Company's revenue by product categories and the volume of each product category sold during the relevant financial periods:

Table (4-27): Company revenues from the Pharmacy sector by product category:

KPIs	FY18G	FY19G	FY20G	Half FY20G	Half FY21G
Pharmaceutical products					
Self Medication	1,037,845,677	1,135,204,262	1,156,588,640	577,763,344	580,885,131
Rx	1,142,292,048	1,185,597,442	1,332,663,693	679,062,512	643,370,390
Non-Pharmaceutical products					
Beauty care products	1,235,309,936	1,371,679,013	1,444,231,474	789,812,576	678,504,470
Maternity and baby care products	2,322,598,319	2,459,561,991	2,512,722,299	1,324,490,413	1,177,269,799
Health care products	946,821,008	975,580,172	1,350,186,243	675,627,706	612,081,190
Consumer Goods	665,136,198	696,688,638	840,446,423	472,747,570	348,943,446
Total	**7,350,003,187**	**7,824,311,519**	**8,636,838,773**	**4,519,504,121**	**4,041,054,426**

Source: Company information.

4.9.2.1.2 Pharmaceutical Products

4.9.2.1.2.1 Self Medication

The Saudi Food and Drug Authority allows the purchase of over-the-counter medicines without the need for a prescription to treat body aches, migraines, or other minor and recurring health problems, such as allergies. The Saudi Food and Drug Authority is the authority responsible for determining the medicines that can be purchased without a prescription. Management believes that the Company is one of the largest providers of Self Medication medicines in the Kingdom of Saudi Arabia, and that the Self Medication market is of great importance to both the Company and its customers. The Company's Self Medication products include Panadol, Bepanthen, Nexium, Rofenac, and others. Over-the-counter drug sales accounted for 14.4% of total Pharmacy revenues achieved by the Company as on 30 June 2021G.

4.9.2.1.2.2 Rx

By law, dispensing some medications requires a prescription. The Company's pharmacists routinely dispense medications and provide detailed consultations about the medication in question, emphasizing the patient's need, prescribed dosage and potential side effects, during which they answer any questions the patient may have. Prescription medications are prescribed to treat many medical conditions including chronic diseases, high blood pressure, cardiovascular problems and diabetes. Management believes that the Company provides one of the largest selections of prescription drugs in the Kingdom, and that the Company plays a fundamental role in the Saudi health sector by using its supply infrastructure to allow citizens to obtain a variety of necessary medicines within a short period of time. The sales of prescription drugs accounted for 15.9% of total Pharmacy revenues achieved by the Company as on 30 June 2021G.

4.9.2.1.3 Non-pharmaceutical Products

The Company's non-pharmaceutical products support the Company's overall business strategy by instilling a balance between health care and beauty care products, which aims to encourage Guests to consider Company Pharmacies as one-stop shops.

4.9.2.1.3.1 Beauty Care products

The Company's beauty care products include the latest innovations in skin care, hair care, oral and dental care, as well as beauty care, giving customers access to modern treatments designed to build and maintain a healthy body. The Company's beauty care products include cosmetics, skin care products (including lotions and creams) and hair care products from brands including Maybelline, L'Oreal, Bourjois, Rimmel, Ducray, Nuxe, Shiseido, Bioderma, Neutrogena, Pantene, and others. Sales of beauty care products accounted for 16.8% of total Pharmacy revenues achieved by the Company as on 30 June 2021G.

4.9.2.1.3.2 Mom & Baby Products

The Company offers a variety of products and accessories that fall under the category of maternity and child care products, most important of which are baby food, infant formula, bathing products, nappies, eating utensils, baby strollers and car seats; as well as feminine care products and birth control options such as contraceptives and home pregnancy tests. The Company's maternity and child care products include nappies, baby formula, baby food and bathing products from brands such as Pampers, Johnson's Babycare and Similac. Sales of maternity and child care products accounted for 29.1% of total Pharmacy revenues achieved by the Company as on 30 June 2021G.

4.9.2.1.3.3 Health Care Products

The Company offers a wide range of general health food and weight loss products, including sports supplements, healthy snacks, nutritional supplements, and ingredient-free alternative foods to customers with celiac and diabetes. The Company's general wellness products include comprehensive products and services for Guests with diabetes that help them manage their health conditions, such as dispensing medication, educating them about the importance of adherence to medication instructions, providing blood glucose monitors, insulin pumps, and special foods and supplements. General health care products also include home health care accessories for Guests who have undergone surgery and the elderly. General health care products provided by the Company include products from brands such as GNC, U-Well, Movera and ChannelMed. The sales of public health care products accounted for 15% of total Pharmacy revenues achieved by the Company as on 30 June 2021G.

4.9.2.1.3.4 Consumer Goods

The Company provides its Guests with a diverse range of recognized consumer personal care goods, including branded products and solutions for oral and dental care, bath and body care products such as bath products and accessories, deodorants, body lotions and men's care products from brands including Nivea, Orex, Sensodyne, Oral-B, Dove, Beesline, Dettol, Gillette, Nahdi, and Vaseline. Sales of consumer goods accounted for 8.6% of total Pharmacy revenues achieved by the Company as on 30 June 2021G.

4.9.2.2 Company Pharmacies

As at 30 June 2021G, the Company operates 1,151 Pharmacies in the Kingdom of Saudi Arabia, and one Pharmacy in the United Arab Emirates.

The following map specifies the locations of the Company's Pharmacies as on 30 June 2021G:

Figure (4-3): The following table provides information on stores and revenue by region within the Kingdom of Saudi Arabia and the United Arab Emirates:

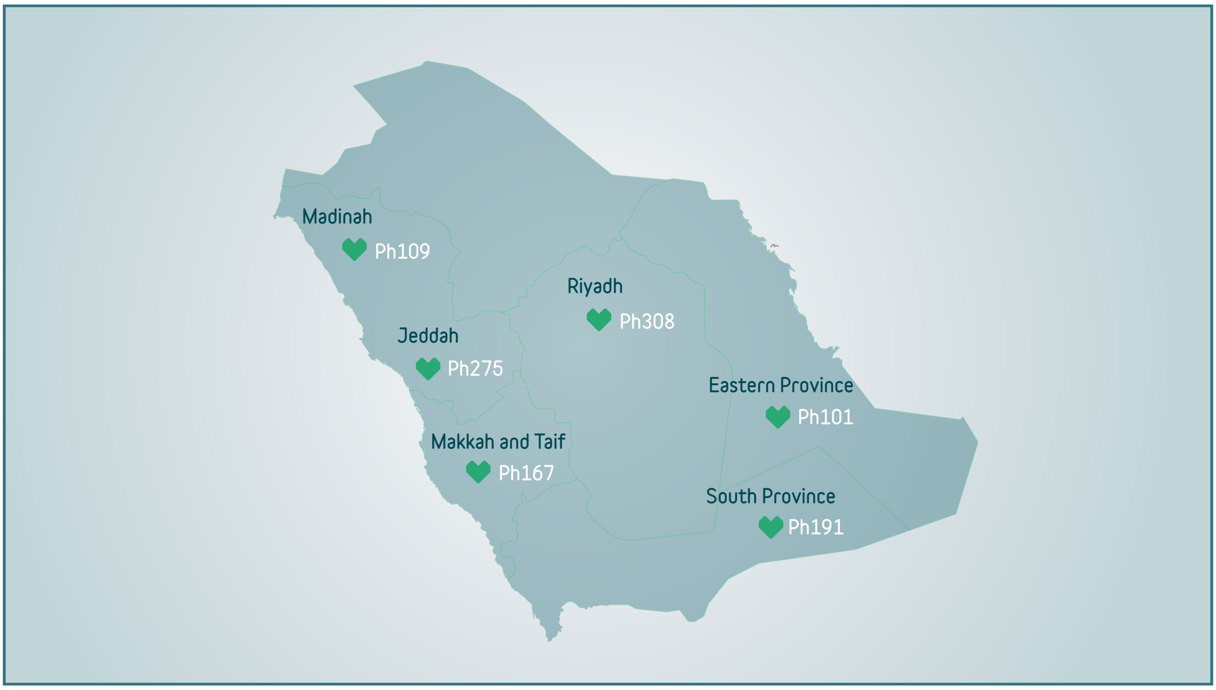


Table (4-28): Overview of the Company's Pharmacies by Administrative Branch Location (as at 30 June 2021G):

Location	Pharmacies	% of all Pharmacies
Riyadh	308	26.7%
Jeddah	275	23.9%
Makkah and Taif	167	14.5%
Abha	191	16.6%
Madinah	109	9.5%
Dammam	101	8.8%
Dubai	1	0.1%
Total	**1,152**	**100.0%**

Source: Company information.

4.9.2.2.1 Classification of Pharmacies

In the past, the growth of the Company's Pharmacies has been based on the assumption that the proximity of Pharmacies to the consumer housing locations is the main factor in attracting said consumers. In 2016G, the Company opened its 1,000th Pharmacy. However, over time, the Company noticed that consumer preferences and tendencies changed, and it became acceptable for Guests to go longer distances to reach Pharmacies that offer a more diverse range of products and a wider range of services.

Therefore, in 2016G, the Company began focusing on developing "premium Pharmacies" that were larger, had more floors, provided a full range of the Company's products, and a different shopping experience. Since 2016G, the Company's number of premium Pharmacies increased, while the number of neighborhood Pharmacies decreased. In the same vein, the contribution of premium Pharmacies to the Company's revenues increased year after year compared to neighborhood Pharmacies.

Today, the Company's Pharmacies are categorized into seven "groups". The products available in each of these groups are tailored to meet the needs of the target Guest segment. Below is a summary of each of the Pharmacy groups:

Table (4-29): Pharmacy Groups within the Kingdom of Saudi Arabia as at the Six Month Period Ended 30 June 2021G

Group	No. of Pharmacies	Average surface area in sq. meters
Major Pharmacies	6	1,325
Premium Pharmacies	422	466
Neighborhood Pharmacies	620	302
Mall Pharmacies	39	229
Travel terminal Pharmacies	10	124
Al Haramain Pharmacies	16	104
Hospital and clinic Pharmacies	38	184

- Flagship Pharmacies

As at 30 June 2021G, the Company operated six (6) Flagship Pharmacies dispersed over the main cities of the Kingdom, with an average surface area of 1,325 square meters per Pharmacy.

Flagship Pharmacies are often located in separate buildings overlooking main roads to attract the largest number of visitors, and are designed to showcase all that the Company's brand has to offer. Therefore, in addition to their full range of products, Flagship Pharmacies offer a number of additional services including beauty consultants, and other unique products such as the health corner where consultants assist Guests in developing health programs to address health conditions such as diabetes. The Company believes that these additional products improve Guest experience, enabling them to learn about the Company's products and services in a comfortable environment.

- Destination Pharmacies

These Pharmacies have a surface area of more than 250 square meters and generate revenues of more than SAR 700,000 per month. As at 30 June 2021G, the Company operated 422 Destination Pharmacies in each of the six regions in which the Company operates its Pharmacies.

These Pharmacies are located on major roads for Guest ease of access and to facilitate finding them. Said Pharmacies also provide a full range of the Company's products, as well as additional services such as beauty consultants and hair care parlors, and some of them also have children entertainment options that allow parents to enjoy the shopping experience. With the increasing importance of providing an improved shopping experience, Pharmacies are increasingly offering patrons conveniences similar to those found in Flagship Pharmacies.

Due to their large surface areas, the variety of products offered thereby, ease of access, location and the availability of parking spaces, these Pharmacies provide a diversified shopping experience for Guests.

- Neighborhood Pharmacies

Neighborhood Pharmacies have a surface area of less than 250 square meters and generate revenues of less than SAR 750,000 per month. As at 30 June 2021G, the company operated 620 residential neighborhood Pharmacies, distributed over each of the six regions in which the Company operates Pharmacies.

These Pharmacies are located in residential neighborhoods for easy access to Guests from their homes, and provide a range of essential products such as medicines, high quality maternity and baby care products, consumer goods, and basic beauty care products. The range of products varies from one Pharmacy to another and is determined based on the sales strategy used in the relevant Pharmacy, which takes into account the location of the Pharmacy and the demographics of the surrounding area.

- Mall Pharmacies

These Pharmacies are located in malls and offer a variety of products, usually including a higher proportion of beauty care products and beauty consultant services to attract Guests shopping in said malls. As at 30 June 2021G, the Company operated 39 mall Pharmacies.

- Travel terminal Pharmacies

Located in airports, these Pharmacies offer a variety of products tailored to meet the requirements of travelers buying last minute travel essentials. The Company believes that travel terminal Pharmacies contribute to increasing brand awareness due to the large number of travelers exposed thereto while at airports. As at 30 June 2021G, the Company operated 10 travel terminal Pharmacies.

- Al Haramain Pharmacies

These Pharmacies are located in Makkah and Madinah, and provide a variety of products that meet the needs of Hajj and Umrah pilgrims who visit them. The Company believes that Hajj and Umrah pilgrims often rely on these Pharmacies as integrated Pharmacies to meet their medical needs. Accordingly, the Company plans to open mini-clinics in selected Pharmacies located in the Al-Haramain area. Due to the large number of people who frequent the Two Holy Mosques, the company believes that the Pharmacies located at the Two Holy Mosques contribute to increasing brand awareness among the many pilgrims who purchase products to take with them when they return home. As at 30 June 2021G, the Company had 16 Pharmacies located at the Two Holy Mosques.

- Hospital and clinic Pharmacies

These Pharmacies are located in hospitals and public clinics, and provide a carefully selected range of pharmaceutical products that meet the needs of patients. As at 30 June 2021G, the Company operated 38 Pharmacies located in hospitals and clinics.

As at 30 June 2021G, the Company leased all of its Pharmacy locations.

4.9.2.2.2 Pharmacy Design and Planning

The Company believes that the design of its Pharmacies is one of the main factors that distinguish it from other retail Pharmacies, as this design strategy is based on attracting consumer interest, using an attractive exterior design that attracts people to the Pharmacy, characterized by large display windows, unique banners, colors, brand logo, external and internal lighting. The design and planning of each Pharmacy aims to fulfill the Company's desire to be memorable to consumers and fulfill its mission to exceed the expectations of its Guests by providing high quality specialized solutions in everything related to healthcare.

The Company employs comparable standards to establish the basic layout of its stores, using the same design guidelines, brand ethos and interior design of its Pharmacies in each of its groups. Pharmacies are designed: (i) in such a way that all activities inside the Pharmacy and the products displayed therein can be seen from the outside and attract Guests inside, (ii) achieve operating efficiency, and (iii) improve the utilization of spaces and use the available areas to display products and provide the best shopping experience for Guests to meet their needs.

The retail community is designed to provide a Guest-centric experience, including in-store digital innovations that allow consumer product information to be displayed, enhanced content delivery, and Guest behavior tracking as they engage with targeted products, and audience metrics collected and analyzed to understand Guest behavior and take advantage of opportunities to sell additional products to customers, and increase brand loyalty among Guests. For example, the Company currently installs digital beacons within certain stores to send personalized greetings and offer targeted offers to Guests.

The Company's design concept was developed with the intention of attracting and keeping Guests in stores, by creating an inviting yet familiar environment. To this end, the Company's design is based on advertising, promotion and Guest centricity with the aim of making stores the preferred destination for women as follows:

- Advertising: Promoting Pharmacy products attracts Guests; by making all the elements of the interior design and activities in the Pharmacy visible from the outside using high-quality glass windows that "invite" Guests to enter the Pharmacy.
- Innovation: Innovation is a constant factor in improving the experience of Guests in the Pharmacy, and therefore the Company seeks to constantly include innovative products and services within its Pharmacies to capture the attention of Guests.

In 2018G, the Company opened its first smart Pharmacy, which also represents the first Pharmacy of its kind in the Kingdom in which a smart robotic dispensing system prepares and dispenses medicines, monitors the safety of medicines and expiration dates, as well as manages inventory efficiently and accurately; allowing pharmacists to spend more time in Guest service, which reduces the time required to prepare medicines, and thus the waiting time for Guests, as medicines can be dispensed within 6 seconds per product. The Company currently owns four similar robotic dispensing systems, and expects to acquire four more in 2022G. The innovation initiatives that the Company has recently incorporated into its stores include skin scanners for cosmetics shoppers, technology that allows consumers to handle products and view information about them (lift & learn), which are stations that enable Guests to interact with the products, and enable Nahdi Express Clinics in some Pharmacies to provide unparalleled primary care emergency services, drive-through services at select Pharmacies, and the option to complete product purchases by scanning the product serial number using a smartphone app (scan & go) so that Guests do not have to wait long at checkout counters.

Every year since 2017G, the Company opened one Pharmacy called "Future Pharmacy", which is usually a major Pharmacy used to display modern technologies and the Company's latest innovations.

- A destination for women: Pharmacies located in the Kingdom were mostly small stores with narrow corridors, which made them restrictive, and in Management's opinion, unsuitable to attract female Guests. To correct said issue, the Company re-envisioned the concept of Pharmacies in the Kingdom of Saudi Arabia by expanding the presence of its Pharmacies in the Kingdom in general, and, in the design thereof, adopting higher ceilings, larger windows and wider spaces between corridors. Said Pharmacy design is characterized by elegant and sophisticated architectural elements aimed at attracting female Guests, which, management believes, create a more beautiful and attractive environment that enhances the shopping experience of female Guests.

Pharmacies are divided into sections that meet the different needs of its Guests:

- Cosmetics and comprehensive beauty care product (Mass Beauty) section, which is distinguished by pink and purple tones and the slogan "Beautiful Inside and Out", and includes all beauty care accessories and daily necessities, including a variety of bath, oral and dental care products, and personal care products.
- The luxury beauty care products section, which consists mainly of medical and cosmetic skin care products from the best brands, and is equipped with a skin examination device that provides Guests with shopping tips.
- The health and general health products section, which is distinguished by green tones and the slogan for "A Balanced Life", and includes vitamins, nutritional supplements, healthy foods and beverages, and other health care products. Nahdi Care Express clinics or immediate consultation facilities are located in this section in selected Pharmacies and provide basic services such as consultations, examinations, tests and vaccinations.
- The natural and organic products section, which is distinguished by designs inspired by natural elements, and is dedicated to all organic beauty care products for skin and hair.
- Maternity and baby care products section, which is distinguished by shades of blue and the slogan "Enjoy life with them", which is usually strategically located in the Pharmacy as a destination for Guests, and includes family and child activities that meet all family needs.

The Company's store designs have won a number of awards for the attractive designs that characterize Pharmacies, as follows:

- In 2015G, the Company was awarded the Silver Award for "Store Concept and Design" from the International Council of Shopping Centers (ICSC) in the Middle East and North Africa region.
- In 2016G, the Company was awarded the Silver Award for "Best Retail Store Concept and Design" from the International Council of Shopping Centers (ICSC) in the Middle East and North Africa region.
- In 2017G, the Company was awarded the Silver Award for "Best Retail Store Concept and Design" from the International Council of Shopping Centers (ICSC) in the Middle East and North Africa region.
- In 2017G, the Company was awarded first place for the "Most Impressive Store Design" for Nahdi Lifecare by the Middle East Forum (RetailME).
- In 2017G, the Company was awarded first place for "Retailer of the Year in the Pharmaceutical and Healthcare Sectors" by the Middle East Retail Forum (RetailME) in the Middle East and North Africa region.
- In 2019G, the Company was awarded first place for "Most Impressive Store Designs" by the Middle East Retail Forum (RetailME).

4.9.2.2.3 The process of selecting locations, leasing and opening new Pharmacies

Management considers the locations of the Company's Pharmacies to be a critical factor in the expansion and success of the Company's business.

The Store Network Development team is responsible for planning and coordinating new Pharmacy openings. The process of selecting, developing and opening new Pharmacies has evolved over time, drawing on the experience gained over many years of working in an increasingly competitive market.

The basic stages of the process of opening new Pharmacies consist of the following:

- Geographical Site Analysis: The process of identifying new sites begins by studying the geographical location by evaluating a number of conditions that affect the feasibility of the new Pharmacy, including population density and potential population growth rate, the movement of Guests and vehicles to the site, access thereto by Guests , the proximity and performance of competitors in the area, the potential for "cannibalization" of other Company Pharmacies, the retail sector's potential for development, and trends in other future developments such as the region's demographics, local economy, and the social climate. These studies also help identify the real estate investment opportunities available to the Company and help it arrange them based on priority. The Company also uses several geospatial analysis tools to support its searches by identifying potential commercial locations and improving the Company's existing Pharmacy network.
- Real estate search and allocation: If the results of the Geographical Site Analysis are positive, a real estate or plot of land is thought for the new Pharmacy, whereby researchers on the ground assess the findability, accessibility, parking availability, and building space of potential locations allowing for the best shopping experience. Images of potential locations are sent to the Pharmacy Operations Department to assess the nature of the location and the expected sales volume, based on the performance of similar Pharmacies located in nearby locations.
- Site management and financial feasibility: A feasibility study is conducted to forecast the potential financial performance of the new Pharmacy, taking into account the customer flow, the performance of neighboring Pharmacies, the average rental price of similar Pharmacies, the expected turnout for the Pharmacy, the average size of the purchase basket, the estimated purchasing power of the local population, and performance of competitors. At this stage, an assessment is also made of the potential impact of "self-competition" that the new Pharmacy may have on the Company's existing Pharmacies.
- Negotiating and signing the contract: If site management believes that the expected performance of the new Pharmacy will achieve profitability goals, then the contracting department of the site network development team negotiates the rental price and terms in accordance with the site management's recommendations. Typically, the term of concluded lease contracts ranges from 10 to 15 years.

- Project and Network Development: The Project Management Department of the network development team coordinates with all internal departments involved in the development and operation of the new Pharmacy, including the Pharmacy Design Department which is responsible for all Pharmacy designs. The decoration department is also responsible for the Pharmacy's decorations and for supervising the contractors involved in building or equipping the Pharmacy. After completing interior design work, the products are arranged on shelves based on the Company's commercial strategy, with all necessary licenses obtained, and the Pharmacy is provided with sufficient staff in preparation for the opening of the Pharmacy.
- Conducting a thorough research of the Pharmacy opening process: After all the work is completed, the new Pharmacy is handed over to the Pharmacy Operations Department, which works in cooperation with the site network development team to monitor the Pharmacy's performance during the first two years. Specifically, the site network development team is responsible for monitoring sales against expectations to assess whether the Pharmacy's performance is in line with expected performance, while constantly reviewing all business processes to ensure smooth operations in the future based on all changes and lessons learned at each stage.

4.9.2.2.4 Renovating and expanding Pharmacies

The Company's various Pharmacies require renovation in order to maintain high quality standards, and the Site Management Department is responsible for identifying the Pharmacies to be renovated. After the financial feasibility study is carried out by the Financial Department, renovation work is carried out provided that a sufficient number of years remains on the lease contract, or renew said contract if necessary in order to benefit therefrom to the maximum.

Renovation work is referred to "upgrade work", as the aim of renovation is to upgrade the level of services provided as well as raise the Pharmacy's sales performance.

In addition, the sales potential of existing Pharmacies is evaluated on an ongoing basis, and if Management believes that the location of the Pharmacy allows it to achieve more sales when a larger range of products is provided, then the Pharmacy may be expanded to increase its surface area.

In some cases, Management may consider that the current Pharmacy or a number of existing Pharmacies do not adequately meet consumer demand, and that the needs of Guests can be better met through another type of Pharmacy. For example, one premium Pharmacy may be better than several neighborhood Pharmacies in meeting the needs of a region, as it offers all of the Company's products. In such a case, the Company may replace one or more of its existing Pharmacies with a premium Pharmacy that can better meet the needs of the surrounding neighborhood. The Company refers to this process as the "merging" program, which is currently opening more premium Pharmacies and closing neighborhood Pharmacies.

4.9.2.2.5 Readiness and maintenance of Pharmacies

Out of the Company's belief in its vision to be the most trusted and beloved Pharmacies in the retail sector and to make a difference in the lives of each of its dear Guests and provide them with a unique personal shopping experience that exceeds their expectations, Nahdi has developed a comprehensive program for quality management that ensures the continuity of Pharmacies and staff Readiness.

Said program begins with the development of a Pharmacy operations manual, which includes all the standard policies and procedures for managing the daily operations carried out by the work team, starting from ordinary tasks and ensuring the Pharmacy's readiness to receive Guests, passing through policies and procedures for all forms of services provided in the Pharmacy, such as dispensing prescriptions, dealing with electronic purchase requests, delivery service, inventory management procedures and policies, as well as policies for addressing maintenance and service requests from all company departments.

The program also includes empowering and training the work team on ways to communicate with all channels in all of the Company's different departments to address any requests (for example, the Right Now program is used to submit requests for technical support to the Maintenance and Information Technology departments, and the Guest Care Program to refer testimonials about the provision of items and requests from the Inventory Department, as well as the human resources program for any requests related to the work team).

Subsequently, the Company's teams participate in the audit and development processes, and identify all development opportunities that may be provided to the Company's valued Guests, through the performance follow-up platform, which the Pharmacy supervisor, the district manager, the district general manager, as well as the quality team review on a daily basis.

The Pharmacy supervisor supervises his/her assigned Pharmacies through a number of periodic visits during all days of the week within the working hours of the Pharmacy (morning and evening). The Pharmacy supervisor then prepares a detailed report on his Pharmacy, no less than twice a week, and takes appropriate corrective measures. This report includes the method of displaying items, stock availability, maintenance requirements, and fulfilling all security and safety requirements for all parts of the Pharmacy, in a manner that ensures the implementation of all quality standards to deliver a better shopping experience to the Company's valued Guests. In addition, the supervisor performs a monthly evaluation detailing each of the quality standards and uploads said report on the performance follow-up platform, which is displayed on the Company's micro-strategy program and is reviewed by all Company stakeholders to take required action in that regard.

Then comes the role of the area manager and regional general manager who, on a daily basis, visit a number of Pharmacies in their regions, as well as submit quality reports on the performance follow-up platform to help supervisors take any required actions. Moreover, the administrative branch managers, maintenance teams and offers coordination teams conduct periodic visits to a number of Pharmacies on a daily basis. Quality reports are also submitted to the performance follow-up platform. The integrated quality program also includes visits by the Quality Control Department to most of the Company's Pharmacies, which are periodic visits to all cities and regions of the Kingdom, during which the team performs an integrated quality assessment and file reports on the performance follow-up platform, indicating the Pharmacy's level of readiness and the degree of its commitment to applying standard policies and procedures.

The quality program also includes visits by Mystery shopper who evaluate the shopping service inside Pharmacies, as well as the degree of commitment of the work team to implementing standard procedures throughout the week and around the clock.

Finally, the quality control team compares between all reports, performs corrective measures and refers issues up the chain of command in the event of discrepancies in the accuracy of the assessments carried out by the operations team. All of these reports are comprehensive and interdependent, as the program automatically refers issues to the responsible person for handling within a specified period of time in the event that quality standards are not fully implemented, which ensures the effectiveness of the assessments and that our Pharmacies remain ready around the clock.

4.9.2.2.6 Pharmacy closure

The Network Development Department conducts a study that includes all the Company's Pharmacies on a regular basis using geospatial analysis supported by field studies and the Company's financial results, as well as studying market needs, scope of coverage, and the needs of the target area and Guests, the goal of which is to achieve the Company's strategy. An outcome of said study is the closure of some Pharmacies with the approval of the Sites Management Department. Closure can be caused by several reasons, including:

- The poor financial performance of those Pharmacies based on profitability studies conducted by the financial department in consultation with the Operations Department, which sets forth the reasons for the dwindling performance due to permanent reasons such as changes in traffic directions as opposed to accidental, fleeting reasons.
- Mitigating self-competition between the Company's Pharmacies, by closing one of the Pharmacies to give another nearby Pharmacy within the same geographical space a better chance to achieve better results.
- Developing an existing Pharmacy site when the current category or surface area of the Pharmacy is disproportionate with the performance and needs of the region; with said site replaced by an alternative site so as to achieve higher sales and profitability.
- Merge two or more closely related Pharmacy sites into one new site with a better shopping experience for Guests that achieves the same or better performance on its own than the other sites combined, thus achieving the company's strategy (Doing More With Less).

4.9.2.3 Suppliers and business accounts

As at the date of this Prospectus, the company had more than 600 business accounts with more than 200 active suppliers. The base of company supplier business accounts is diversified, as no supplier alone exceeds 6.6% of the Company's spending on product supplies for the Six Month Period Ended 30 June 2021G. The multiplicity and diversity of supplier trading accounts provides great flexibility for the Company to be able to purchase products of the required quantity and quality to meet customer demands.

The Company purchases the majority of its products from suppliers located in Saudi Arabia who distribute global and local brands of pharmaceutical and non-pharmaceutical products, and supply approximately 88% of products sold. Private label products that the Company gets directly from international manufacturers account for about 7% of products sold, while direct import products - which are branded products imported directly from international suppliers - account for the remaining 5% of products sold.

The Company benefits from the strong relationships that it builds with the commercial accounts of major suppliers to build strategic business development plans collaboratively based on the research and data held thereby, which helps to provide and develop products that meet the needs of customers at highest standards of quality and the best prices, which contributes to the growth of trade exchange between the two parties and thus enhances the Company's competitiveness and improves business returns. The Company also nurtures and develops relationships with smaller suppliers, especially those who provide local/regional products, looking forward to increasing the volume of business and trade exchange (as well as reduced prices) as the relationship develops.

4.9.2.3.1 Company's supply chain management

The supply chain begins with the formulation of a business plan by the commercial department that sets forecasts and sales targets for each of the Company's sales channels, including Pharmacies and e-commerce platforms, within each product category. Forecasts are made at the Company level based on expected consumer demand and the Company's total sales.

Next, the target sales forecast for each product category is entered into the Retail Demand Forecast (RDF) system that uses historical sales data to determine the quantity of specific products to sell from Pharmacies and e-commerce platforms, in order to achieve the target sales.

The supply planning system is then used to measure the volume of additional products to be ordered, taking into account current stock levels available in Pharmacies and Distribution Centers. The difference between the forecast based on the retail demand forecast and existing stock as determined by the supply planning system refers to the additional quantity of products to be ordered from the respective suppliers.

As at 30 June 2021G, about 88% of all products were supplied by distributors of international and local brands located in the Kingdom of Saudi Arabia. Products ordered from these suppliers are transported by road to the Company's Distribution Centers, where they are stored pending dispatch to the Company's Pharmacies. Private label and direct import label products are sourced from overseas suppliers.

The commercial department issues all purchase orders to suppliers, with the exception of repeat orders to suppliers of private label products and direct import labels, which are issued by the Department of Supply Chain Management and Operational Support, specifically its specialized team that coordinates logistics services for importing products, including handling shipping documents and coordinating customs clearance.

Suppliers are responsible for delivering ordered products to the Company's Distribution Centers in Riyadh, Jeddah and Abha. Prior to delivery, the Supply Chain Management and Operational Support planning team coordinates with suppliers to allocate delivery times, and the purchase order is matched to the invoice upon delivery of goods. Then, an appointment is booked with the receiving team who determines a pickup door through which the products are to be delivered to a receiving team unfamiliar with the quantities of those products and who then confirms the number of products per SKU. The receipt is then matched with the purchase order and invoice and sent to the Finance Department to arrange payment to the supplier.

A separate team is tasked with moving product orders (pallets) to the storage shelves, after examining each pallet to ensure that information on product category and quantities is entered into Oracle's inventory tracking system. The storage rack is also checked to determine where the products are stored in the Distribution Center.

The Company's distribution system is based on part selection, which includes determining the required SKU quantity for each delivery route. All products used to fulfill individual Pharmacy orders are picked from a specific picking area where each SKU is given a specific picking status. Before choosing products, the inventory system quantifies all SKUs to be replenished as replacements for expired products to ensure that there is sufficient stock at the picking site prior to picking.

As for Pharmacy orders, they are automatically generated by inventory management systems and approved by the inventory management team within the Supply Chain Management and Operational Support Department.

Once stock orders are issued, a specific picking area is assigned therefor and then the picker matches the order with each box of products, with the boxes categorized in the collection area. This classification includes labeling product information so that each Pharmacy can verify receipt of the ordered products. The sorted boxes are finally delivered to the distribution team responsible for distributing the products to trucks destined for the designated delivery routes.

4.9.2.3.2 Supply Strategy

The Company procures the products offered in its stores from reputable domestic and international brand suppliers.

The Company aims to provide its Guests with diverse and comprehensive products of high quality at competitive prices. Management believes that the selection of the Company's suppliers plays an important role in the supply strategy. Therefore, the Company's suppliers are selected centrally by the Company's commercial department, which is responsible for increasing the market share and profitability of the Company.

The Company considers several factors when selecting its suppliers, including the quality of the products, market share at the relevant time, prices, the value of marketing effort, and the suitability of the products to the Company's merchandise strategy. After an initial assessment of these factors, the commercial division negotiates key commercial terms, including terms of payment and rebates. The merchandise committee supervises the introduction of new categories, suppliers and brands to the Company's inventory.

The commercial department regularly studies the assortment of merchandise and opportunities to launch new products to respond to the needs of Guests and provide them with more choice. With regard to prescription drugs, the Company complies with the directives of the Saudi Food and Drug Authority regarding drug availability initiatives.

As at the date of this Prospectus, the Company uses a standardized supply contract when concluding supply contracts with new suppliers and when renewing existing supply contracts.

4.9.2.3.3 Key Suppliers

As at 30 June 2021G, the Company's twenty-five key suppliers (in terms of purchase value) for FY18G, FY19G, FY20G and the Six Month Period Ended 30 June 2021G represented 76.5%, 78.8%, 73.7% and 78.5% of the Company's total net purchase volume, respectively. The Company's relationship with these twenty-five suppliers goes back more than ten years.

The following table provides an overview of the Company's twenty-five key suppliers as on 30 June 2021G.

Table (4-30): Top 25 Key Suppliers of the Company as at 30 June 2021G:

Main Brands	Number of SKUs	Supplier's Name
Bioderma, Aptamil, Eucerin	801	Cigalah Healthcare Company
Janumet, Galvus, Accu-Chek	466	Farouk, Maamoun Tamer & Company (FMT)
Panadol, Nivea, Sensodyne	656	Ahmed Mohammed Abdul Wahab Naghi & Sons
Nan, Progress, Cerelac	436	Tamer Arabia Trading Company
OneTouch, Nexium, Cialis	206	Saudi International Trading Company (SITCO Pharma)
Pampers, Pampers Premium Care, Always, Pantene	379	Ismail Ali Abudawood Trading Company Ltd
BabyJoy, Lifree, Sofy	82	Unicharm Gulf Hygienic Industries Ltd
Vichy, Garnier, Dettol	965	Arabian Trading Supplies Co.
Saxenda QV, Biodal, Ryzodig	216	Salhia Commercial Company
Similac, Pediasure, Systane	98	Al Kamal Import Office Company Ltd
Snafi, Rofenac, Glipten, Clavox	179	Arak Health Care company
Herox, Rapidus, Omez	521	Binzagr Unilever Distribution Ltd
Dove, Vaseline, Lux	114	Tabuk Pharmaceuticals Company
Cetaphil, Glucophage, Gastrozole	197	Al-Haya Medical Company (AMCO) , owned by Walid Amin Al-Kayyali and Co
Johnson's Baby, Johnson & Johnson, Neutrogena	226	Johnson & Johnson Consumer Saudi Arabia Ltd
Avogen, Avalon, Avocom	52	Middle East Distribution Company
Novalac, Tina, Omron	202	Zimmo Trading Company Ltd.
Bepanthen, Redoxon, Clarins	35	Bayer Saudi Arabia Company
Elica-M, Acretin, Hi Quin	174	Jamjoom Medicine Store
Neo Helar, Methycobal, Artilac Advance	123	Abdul Rahman Al Gosaibi General Trading Company
Ronalac, Formoline L-112, Megatop	30	Saudi Center for Pharmaceuticals
Blemil-Plus, Blevit, FontActiv	84	Atlas International Services Company
Private, Bambi, Fam	65	National Paper Products Company (NAPCO)
Freestyle Libre, Freestyle	6	Medical Supplies and Services Company
Fabi, Sinoclear, Tommee Tippee	122	Advanced International Pharmaceuticals Company

Source: Company information.

4.9.2.3.4 Standard supply terms and distribution arrangements

The Company's relationship with its suppliers is regulated in most cases under standardized supply contracts. Supply contracts include among others:

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

Supplier contracts also include commercial terms such as:

- The Company's product purchase prices.
- Rebates and incentives.
- Business development areas.
- Revenue from other assets such as e-commerce media, data sharing, etc.
- Discounts based on early payment

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

For more information on the terms of supply contracts with Key Suppliers, please see Section 12.6.1 ("**Contracts with Key Suppliers**").

4.9.2.4 Trademarks

4.9.2.4.1 International Brands

By virtue of its strong and long-standing relationship with key international suppliers, the Company offers a number of leading international brands with a significant market share.

The following table includes the main international brands offered by the Company.

Table (4-31): Main international brands offered by the Company

Product Category	Brand Name	Description	Number of Items
Self Medication	Panadol	Relief of cold symptoms and general analgesic	8
	Bepanthen	Skin and wound moisturizer	7
	Gaviscon	Stomach acid medicines	6
	Claritine	Allergy medicines	2
	Strepsils	Throat care	9
Rx	Saxenda	Injectable diabetes medications	1
	Janumet	Oral diabetes medications	4
	Guardians	Oral diabetes medications	6
	Augmentin	Antibiotic	8
Maternity and baby care products	Pampers	Diapers, panties, and wipes	89
	Johnson Baby Care	Baby shampoo, oil, cream and powder	52
	Cerelac	Rice cereal for kids	35
	Similac	Formula milk	35
	Nan	Formula milk	35
	Always	Sanitary pads	35
Healthcare products	Centrum	Multi vitamins	5
	Redoxon	Vitamin C	1
	Neurobion	Vitamin B	2
	Priorin	Hair loss	4
	Freestyle	Blood glucose analyzer*	6
	Accu-Chek	Blood sugar analyzer	11
	Brown	Thermometer	2
	Omron	Blood pressure monitor*	8
	Glocerna	Diabetics food	3
	Optifast	Meal replacement	10

Product Category	Brand Name	Description	Number of Items
Beauty care products	Maybelline	Cosmetics	213
	Bourgeois	Cosmetics	260
	L'Oreal	Cosmetics	211
	Rimmel	Cosmetics	275
	Ducray	Skin care	36
	Knox	Skin care	42
	Shiseido	Skin care	31
	Bioderma	Skin care	32
	Eucerin	Skin care	40
	L'Oreal	Skin care	24
	Garnier	Skin care	30
	Neutrogena	Skin care	32
	Uriage	Skin care	39
	Filorga	Skin care	20
	Pantene	Hair care	64
	Head & Shoulders	Hair care	42
	Clear	Hair care	21
	Ultra Doux	Hair care	54
	Garnier Hair	Hair care	26
Consumer goods	Dettol	Shower gel, hand wash, sanitizing gel	74
	Nivea	Deodorants, shower gels, lotions and creams	135
	Johnson Personal Care	Shower gels, lotions and creams	36
	Rexona	Deodorants	32
	Colgate	Oral and dental care	49
	Signal	Oral and dental care	28
	Sensodyne	Oral and dental care	45
	Brown	Hair care and men's care	25

Source: Company information.

4.9.2.4.2 Private Label and Direct Import Products

The Company has developed a range of private label products over recent years to offer Guests high quality products at competitive prices. Private label products cover most product categories, including medical accessories, baby food, beauty products, self-medication and health food, and are sourced from a number of reputable international manufacturers with whom the Company has long established strategic relationships.

The Company has taken strict quality control measures which include conducting multiple quality checks for private label products, starting from the time the manufacturer is selected and throughout the product supply life. The private label products are available in all Company Pharmacies and Management believes that these private labels have contributed to building a strong value for the "Nahdi" brand once its products became known and trusted by Guests.

Private label products are developed in response to unmet market demand. The Company's private label department is then responsible for creating a product portfolio in collaboration with other departments, such as the Category Manager, in order to identify the assortment to be developed. The marketing department is then responsible for branding, product design, and packaging quality control to ensure quality standards; while category marketers and category managers formulate product marketing and promotion strategies.

The Company started offering private label products in 2015G. The Company's revenue from private label sales amounted to 3%, 4.3% and 5.1% for FY18G, FY19G and FY20G, respectively, and 4.6% and 5.5% for the first half of 2020G and the first half of 2021G, respectively.

In enhancing its product mix, the Company also provides a range of products with international brands through direct import. The Company has established direct relationships with international suppliers to obtain these products.

Company revenues from sales of direct import products amounted to 2.4%, 3.2% and 5.1% for FY18G, FY19G and FY20G, respectively, and 5.5% and 5.1% for the first half of 2020G and the first half of 2021G, respectively.

The following table includes the private label products and direct import products offered by the Company:

Table (4-32): Direct Import Brand and Private Label Brand products provided by the Company

Product Category	Brand Name	Products	Number of Years of Products Supply by the Company
Private Label Brand Products			
Beauty care products	Accez	Nail care products, cosmetic accessories, hair accessories, nail care accessories	5
Mom & baby care products Medical devices and medical products	Gamar	Diapers, wipes and bath products	6
	Baby Oil	Baby milk, baby food	5
Oral and dental care	Nahdi	Thermometers, elderly care, plasters, gloves, wheelchairs, self-medication	6
Nutrients and healthy foods	Orex	Toothpaste, toothbrushes and oral care supplies	6
Personal hygiene	Beatswell	Vitamins and supplements	1
Skin care	Viora	Hand lotion, shower gel and body lotion	4
Hair remover	Clevie	Facial cleansers and face creams	3
Ladies care	Velveta	Hair removers and razors for women	4
Men care	Vibella	Intimate care products (wipes, feminine washes)	2
Sexual health products	Active Joe	Men's razor blades	4
Beauty care products	Connect	Condoms and lubricants	4
Direct Import Products			
Manuka honey	True honey	Manuka honey and cough drops	3
Blood pressure and thermometers	Citizen	Blood pressure measuring devices of various types, and flex thermometer	7
Breathing aids	Yuwell	Various inhalers	15
Home care	Medisana	Weight scales, massagers and masks	6
Personal hygiene products	Natura Siberica	Hair, skin, body and baby care	3
Personal hygiene products	Nip Fab	Skin care	2
Personal hygiene products	Ducray	Hair and skin care	1
Personal hygiene products	Swiss Image	Skin care	5
Baby stuff	Twistshake	Baby bottles and other feeding essentials	3
Pregnancy test	Artron	Pregnancy and ovulation tests	6
Personal hygiene products	Nuxe	Skin and body care	1
Personal hygiene products	Rosal	Lips Moisturizer	8

Source: Company information.

4.9.2.5 Quality Assurance and Control

The Company applies an integrated quality management system based on international ISO standards, which ensures that quality control measures are adhered to during all operational processes. The Company has obtained ISO certificates for quality control, environmental management systems and medical goods (ISO: 9001:2015, 14001:2015, 13485:2018 and 45001:2018). The adopted quality control systems also 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 Distribution Centers are in compliance with internationally approved quality measures. Said team consists of quality auditors, quality inspectors, quality supervisors, quality manager and a Total Quality Management supervisor. 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 Food and Drug Authority requirements.

It also monitors joint systems with the Food and Drug Authority, through link (Wasl) and monitoring (Rasd) systems, which ensure the quality and availability of the drug.

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 Distribution Centers. The quality auditor must check the validity of samples representing at least 3% of selected orders, before the quality inspectors record their findings and communicate them to the quality supervisors and operating 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 compliance of the products, 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 Pharmacy 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 trucks that will deliver products to Pharmacies. Trucks that do not comply with quality standards, including with regard to temperature control, are set aside until appropriate corrective measures are made and approved by the quality control team.
- **Communicating with Sales Outlets:** In the event of complaints from any Pharmacy regarding shipments, the Distribution Centers are contacted through the Company's Guest Care Program, where the quality control team addresses the issue and takes appropriate measures to assess the quality of service provided to Pharmacies; with a quarterly questionnaire is prepared to assist in the development and provision of better service to 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.

If the concerned Pharmacy discovers any problem after delivery to the Pharmacy, a complaint is raised through the Company's Guest Care Program and the quality control team investigates and takes appropriate action. Internal customer satisfaction is recorded every three months to ensure the quality of service provided.

4.9.2.6 Pricing

The Company has adopted a pricing strategy for retail products in order to offer such products at competitive prices to customers, taking into account the price index of those products in the relevant domestic or international markets, in addition to the product features of each product category. The Company monitors market prices and trends, and makes appropriate adjustments to the retail prices of its products and promotions when necessary.

For the rest of the products, the Company takes into account the prices of the product in the Saudi market and the relevant international markets. It also monitors the prices and trends of the local and global markets to promote them at the best prices through promotional offers in the short term and the development of pricing strategy in the long term, to guarantee the best prices and provide private label products that meet Guest needs.

The prices of private label products are determined based on the Company's determination of the proper positioning therefor in the market, in addition to the positioning of the Nahdi brand in general. When pricing direct import products that are not usually available in the Saudi market, the Company takes into account the prices of the product in the relevant international markets as well as the prices of similar products in the Saudi market.

4.9.2.7 Distribution Network

4.9.2.7.1 Overview

Supply chain management and the Company's ability to distribute inventory at the highest quality standards is one of its most important features. Believing in its effective role to ensure the availability of pharmaceuticals in all its Pharmacies, the Company has designed a distribution network with international standards to provide logistical services to the Company's Pharmacies throughout the Kingdom of Saudi Arabia. This is to ensure the availability of the appropriate the highest quality inventory in Pharmacies, through central planning that is commensurate with the needs of Pharmacies based on the movement of items, taking into account all variables such as seasons, Pharmacy category and location, by setting fixed distribution schedules with the possibility of making urgent daily and individual orders outside said tables to ensure the availability of products and provide better service to Company Guests.

Investment in multiple smart Distribution Centers located in different regions of the Kingdom:

- A central smart Distribution Center in the city of Jeddah that was commissioned in 2021G and operates using modern and smart systems. With a total surface area of more than 80,000 square meters, it provides all logistical services to the Company's Pharmacies.
- The city of Riyadh has a Distribution Center that operates around the clock with a surface area of 30,000 square meters that provides logistics services for all types of Pharmacies in the Central and Eastern Provinces.

- There is also a Distribution Center in the Abha region with a surface area of 13,000 square meters that provides logistical services to the Southern Province for maternity and child care items.

Inventory replenishment inside Pharmacies is carried utilizing two methods of product delivery in Pharmacies:

- Fixed order scheduling: Products are usually distributed according to a fixed schedule that is determined by the Pharmacy type, size, location and level of sales, with most Pharmacies receiving two deliveries per week. However, some Pharmacies deliver goods on a daily basis, as is the case, for example, in major Pharmacies, mall Pharmacies, supplier stores, and warehouses.
- Scheduling of flexible orders: In order to meet the increased demand for products affected by changes in product renewal standards, variability in demand by season, and promotional campaigns, the Company, from time to time, schedules additional deliveries to complement those that are carried out under established fixed order schedules.

The distribution team working within the Supply Chain Management and Operational Support Department is responsible for making sure that the trucks operate along established routes from Distribution Centers to their destination. The service route schedule is defined by a transportation management system that is able to determine the best routes to take according to store locations, and the routes that trucks will take to remote areas are identified well in advance to ensure that products are delivered on time and without delay.

4.9.2.7.2 Distribution Centers

Table (4-33): Distribution Centers

	Opening Year	Storage Capacity (number of pallets)	Land Area (in sqm)	Owned/ Leased
Jeddah	2021G	75,000	250,000	Owned
Riyadh	2014G	20,000	30,000	Leased
Abha	2017G	6,500	13,000	Leased

As previously stated, the Company operates two main Distribution Centers in Jeddah and Riyadh, as well as another Distribution Center in Abha. Each center operates 24 hours a day, 6 days a week.

The Jeddah center has a storage capacity of 75,000 pallets, commencing its activities in 2021G, once the Company completed the establishment thereof. It is located on a 250,000 square meter plot of land owned by the Company.

As for the Distribution Center in Riyadh, it has a storage capacity of 20,000 pallets, commencing its activities in 2014G. It is located on a 30,000 square meters plot of land that the Company leases for said purpose. The Riyadh Distribution Center caters to Pharmacies located in Riyadh and the Eastern Province.

Lastly, with regard to the Distribution Center in Abha, it has a storage capacity of 6,500 pallets, commencing its activities in 2017G. It is located on a 13,000 square meters plot of land that the company leases for said purpose. The Abha Distribution Center stores large-sized goods such as milk products and diapers, to be distributed later to the Southern Province.

The Company resorts to using many technologies that allow it to conduct distribution operations in an efficient and effective manner. The Company uses advanced technology, a smart storage system, and an optimal receiving process in order to monitor the movement of inventory during all stages, and in order to ensure high quality standards. All Distribution Centers are equipped with the latest storage systems, in addition to the Company's use of integrated applications to manage Distribution Center activities, starting from the receiving stage, through the storage stage, to the delivery stage.

- **Shelving systems:** The Company uses different types of shelving for storage purpose (selective system, deep double shelving system, etc.) which enable it to make maximum use of the storage capacity available thereto on the plots of land that house Distribution Centers. These centers have been integrated into the Company's Oracle system, enabling the latter to locate products within warehouses.
- **Inventory management:** Distribution center operations are supported by an advanced inventory management system based on the Oracle software that tracks products in real time from the point of shipment to the point of delivery in the Distribution Centers, determining their location through the racking systems, and the time of shipment from the Distribution Centers. When the products are received at the Distribution Centers, the team authorized to receive them uses the inventory management system to locate empty shelves, allowing operators working in the Distribution Centers to use the racking system to store products on the shelves in an easy and simple manner.
- **Temperature control:** With regard to Distribution Centers, out of the Company's concern for the safety and quality of products, the Company uses an advanced system that controls and monitors temperatures and humidity inside the Distribution Centers through sensors that operate automatically to control and monitor temperature and humidity. All Distribution Centers are equipped with sensors that maintains the quality and safety of products at a maximum temperature of 25 degrees Celsius. Distribution centers also have cold rooms with a temperature between 2°C and 8°C for storing vaccines. Recently, all systems related to temperature monitoring have been linked with the Food and Drug Authority's systems through the latter's link (Wasl) and monitoring (Rasd) systems.

4.9.2.7.3 Truck fleet

The Company's distribution operations are conducted through a fleet of 165 trucks of various sizes and dimensions acquired via operating contracts with several truck rental companies.

To ensure the quality of shipments, all trucks are equipped with GPS tracking and positioning system. These programs are linked to the Company's transportation management system and enable the Company to track truck location, monitor temperatures, and driving behavior, as they monitor and assist the driver in reaching Pharmacies and issue delivery orders. All truck movements are recorded by sensors installed inside the trucks that send alerts to the shipping team.

The temperature control system maintains and measures the temperatures of refrigeration units, and sends alerts to the Company in the event of any failure in the refrigeration unit or if the temperature exceeds 23 degrees Celsius at any time. It is worth noting that all the systems have recently been linked with the Food and Drug Authority's monitoring (Rasd) system.

4.9.2.8 Sales, Marketing and Promotions

Seamless shopping experience for Guests

Guest experience is a main focus of the Company. By providing Guests with a seamless and integrated electronic platform connected to Pharmacies and clinics that provides a wide range of products and services in the field of healthcare, the Company has become a trusted partner and the first platform that Guests resort to for their various needs in this field. The Company's platform is accessible to Guests and is available to them 24/7, so that they can enjoy a comprehensive and easy experience at any time and wherever they are, giving them access to a wide range of high quality products at competitive prices, flexible and multiple delivery options, as well as professional advice when purchasing pharmaceutical and healthcare products.

4.9.2.8.1 E-commerce and omni-channel model

The Company launched its online operations in December 2016G through the e-commerce platform "Nahdi Online" in conjunction with the launch of the "Nahdi App" in order to be able to sell its products to Guests online. Originally, the online store was based on the "click-and-collect" service. However, at a later time, the Company's e-commerce platform was expanded and Guest delivery options were added to dispense the products to Guests at their homes as quickly as possible, and then the "Guest Care Service" was introduced, which aims to directly deal with Guest inquiries through the phone, social networks and e-mail.

The Company offers its entire range of products online, in addition to other products sourced directly from the main Distribution Center, which enables the Company to expand the number of products sold. By taking advantage of the wide network of Pharmacies, the Company offers consumers the convenience of shopping through the "click-and-collect" technology in all Pharmacies and central stores, as well as gives the Company the opportunity make deliveries to Guest homes in a timely manner.

Other additional features that demonstrate the reach of the Company's omni-channel reach include the following:

- Curbside pickup where orders are delivered to Guest vehicles at the Pharmacy parking lot, with Guests who have ordered items online receiving an instant message on their phones as soon as they approach the Pharmacy asking them to enter information about their vehicle plate number and color. The Pharmacy is also promptly notified of the need to deliver the order to the vehicle.
- Drive-through service, where Guests can order products and receive them from their cars through external sales counters.
- Direct verification of the availability of inventory in all Pharmacies, which makes it easier for Guests to obtain the product based on their location as detailed on the product detail page.
- Suggestions for alternative products in the event that the required product is not available.
- Smart fulfillment, whereby Guests are able to order a wide range of products that cannot be practically stored inside Pharmacies, such as patient beds and wheelchairs, and receive them at their doorstep within 2-3 days.
- Pharmacy-to-home delivery service, which allows the pharmacist to order a product through Nahdi Online on behalf of the Guest in case the product is not available in his Pharmacy, then home delivery is effectuated within two hours of placing the order receipt thereof from another Pharmacy.
- Facilitating Guest use of all Company platforms and applications through unified login credentials.
- The "e pharmacist" service, which enables Guests to video call a pharmacist who is able to access the Guest's account and advise them on the products that suit them, as well as guide them during the product purchasing process that Guests later receive at their doorstep within two hours of placing the order.
- "Telesales", which allow Guests to call the Guest Care Center and place their order over the phone, to be later delivered at the Guests' doorstep within two hours of placing the order.

- The "Medication adherence" service, which sends a reminder to patients with chronic diseases to alert them of the need to refill essential medicines prescribed thereto, as well as provides them with electronic consultations with pharmacists and doctors.
- Self-checkout (scan & go) service for Guests to make Pharmacy purchases by scanning the barcode of the products and paying through the application. In addition, to encourage repeat purchases by customers, the Company offers online buyers a wide variety of packages and purchase options, such as coupon packages. The Company also notifies Guests of consumer products that require regular refills in order to direct repeat purchases to the Company's platform.

The Company continues to explore growth strategies including through the "Nuhdeek" loyalty program. Every year, a plethora of new features and services are added to the website and smart device application that make the online shopping experience more convenient and appropriate to fulfill Guest needs.

Today, Nahdi Online operates as a separate e-commerce website in the UAE.

In addition, the Company's clinics are supported by a smart device application connected to the patient portal on the internet, which allows Guests to access a number of features, including booking remote or personal appointments, obtaining electronic prescriptions and tracking examination results.

The Company's e-commerce platforms and smart home applications are managed by the Omni Health Department, with some support from specialized companies.

In 2019G, the Company was awarded the "Commerce Ace" award from Adobe, which considered the Company to be one of the most successful e-commerce applications globally among those based on the "Magento" program.

The table below illustrates the performance of the Company's e-commerce platforms in recent years:

	FY18G	FY19G	FY20G	H1 FY20G	H1 FY21G
Website visits (in millions)	15	25	79	40	42
Sales (SAR)	39,299,479	252,099,191	619,043,928	403,046,680	347,678,105
Sales as a percentage of the total revenue of the retail Pharmacy business	0.8%	3.1%	7.7%	9.7%	9.4%

Connecting between Pharmacies and e-health care services

The services provided by Pharmacies is integrated with the Company's electronic health care services, setting up a complete business model that covers all Guest needs and provides an unprecedented experience. On the other hand, the online store and the Nahdi Application have provided Guests with new channels to view the latest products and services that are available in the Pharmacy network, as well as the health services available electronically or through clinics or telemedicine services. On the other hand, Guests in the Pharmacy loyalty program benefit from additional services in NahdiCare clinics, as well as the "Salemtum" program for medicine adherence and chronic medication management, in short, during the Guest's trip through the various communication channels and services available at Nahdi, Guests feel that all their needs are being fulfilled, which strengthens the bond between them and the Company, as largely reflected in Guest loyalty.

Guests tend to choose Nahdi's healthcare services, such as telemedicine, due to their respect for the well-known Nahdi brand that delivers high-quality products worthy of consumer trust and interest in terms of an unparalleled user experience, which enhances the Company's capabilities to sell more products through Pharmacies and online store, and encourages users to benefit from a larger selection and better quality of health services, such as chronic disease management, home care service, and various health care services available on the Company's online platforms.

4.9.2.8.2 Loyalty Program

In 2014G, the Company launched the "Nuhdeek" loyalty program, which aims to increase the number of loyal Guests and retain them by providing the best services and offers, new products, and health tips, catering to the Guests' health and wellbeing needs by direclty engaging with them and allowing them to receive rewards in the form of free products, vouchers, or charitable donations after each purchase. Guest behavior is evolving and is not solely based on choosing the product, but laso considering the overall value that Guests get from those available brands.

Guests's continuous engagement and participation in the "Nuhdeek" program has gained wide acceptance among Guests, has led to the Company's loyal Guests contributing to 70% of sales. Sales through "Nuhdeek" are approaching 50 million transactions annually, which makes it one of the largest databases of users in the Kingdom of Saudi Arabia. In light of the digital transformation driven by the 2030 Vision, it is expected that the rate of Guest interaction within the Company's digital platform will increase.

4.9.2.8.3 Brand value and promotions

The Company utilizes two methods in its marketing efforts: the first is general promotional campaigns for the "Nahdi" brand aimed at giving the brand value in line with "high-quality care through a global experience in health and wellness"; highlighting the partnership role that Nahdi plays in the shopping experience; the second is a set of promotional activities that are planned and organized on an annual basis. These tactical campaigns usually target specific product categories that are selected according to the sales target set by the business department. The Company also runs massive or seasonal promotions, such as during the "Beauty Festival", the "Back to School" season, during Ramadan, "White Friday", etc. The Company uses a variety of media channels to publicize its promotional activities, including social media (such as Facebook, Instagram and YouTube), as well as street advertising, television advertising campaigns, promotion on the "Al-Nahdi Online" e-commerce platform, and the customer relations department's efforts through e-mails, text messages, notifications, and communications via the Company's Pharmacy network.

4.9.2.8.4 Guest Care

The Company aspires to ensure that Guests enjoy excellent service at every "touch point", including Pharmacies, clinics and e-commerce platforms, as well as ensuring easy communication between these points to enhance its expertise.

So, the Company has created a "Guest Care Center" tasked with receiving Guest feedback and opinions after every interaction they make at any touchpoint. Therefore, Guests receive a text message, email, or other notification asking them to provide their comments and opinions about the service. In the event of negative feedback from any Guest about the services received, the Company's call centers contact the Guest to look into and address the problem. Call center staff are given the power to offer discounts and other incentives so that the Company ensures the satisfaction and loyalty of dissatisfied Guests. Due to this service and supported by customer surveys, thanks to this service, the Company succeeded in achieving over 90% post-call customer satisfaction.

In addition, the Guest Care Center monitors all deliveries and proactively contacts Guests in case of expected delivery delays.

4.9.3 Healthcare services

4.9.3.1 Medical Clinics

NahdiCare clinics was established in 2018G as a Company subsidiary, providing a wide range of specialized services related to pediatrics, dentistry, ophthalmology, dermatology, radiology, cardiology, emergency rooms, family medicine, gynecology, orthopedics and otolaryngology, laryngology, internal medicine, neurology, urology, and speech therapy. In FY20G, NahdiCare clinics recorded 21,462 patient visits, compared to 27,029 transactions so far during the Six Month Period Ended 30 June 2021G.

The Company aims to provide Guests with a unique experience, in line with the quality of customer experience provided at Company Pharmacies. This is achieved through an unparalleled design that will distinguish general clinics from traditional medical centers. The Company strives to reduce waiting times and has set a limit regarding maximum waiting time.

Currently, the Company operates two medical clinics in Jeddah, and plans to open additional clinics in the coming years. The table below details the Company's medical clinics as on the date of this Prospectus:

Table (4-34): Details of Company Clinics

Location	Type	Number of Clinics
AlMarwah - Jeddah	Polyclinics	18
Arrawdah- Tahlia- Jeddah	Polyclinics	25

Source: Company information.

The table below summarizes the services provided by NahdiCare clinics:

Table (4-35): Services provided by NahdiCare Clinics

Family Medicine	Internal Medicine	Ophthalmology	Dermatology
Physical examinations Preventive care Women's health Men's health Chronic diseases Depression/anxiety Health promotion Medical examination and laboratory tests Non-emergency illness and injury care	Diabetes and endocrine system problems Blood pressure problems Chronic asthma and allergic bronchitis Bronchitis and pneumonia Gastrointestinal Diseases Rheumatism Osteoporosis Thyroid diseases Early cancer detection Early diseases detection Ultrasound examinations Infectious diseases Electrocardiogram (ECG) tests	Eye check-up Eyeglasses and contact lens tests Fundus examination Non-surgical emergencies affecting the cornea of the eye Presbyopia treatment Stye removal Glaucoma and eye diseases Retinal detachment diagnosis Diabetic retinopathy Vitreous hemorrhage Occlusion of veins and arteries (sub or central) Uveitis	Cryotherapy Skin biopsy Laser hair removal Platelet rich plasma Facial rejuvenation Hair loss treatment Cosmetic filler injection Hair removal Electrocautery Mesotherapy injection Steroid injections IPL Botox Derma pen
Radiology	**Cardiology**	**Emergency Medicine**	**Pediatrics**
General X-ray Ultrasound Bone mineral density tests Mammography	Heart disease Blood pressure Electrocardiogram and blood pressure monitor Resting ECG Two-dimensional and M-Mode transthoracic echocardiography	Ambulance Wound care Blood pressure measurement Measurement of weight and height Surgical suture removal Measuring blood sugar	Full checkups and consultations Bronchial asthma Vaccines and vaccinations Pre-school examination and routine laboratory examinations Neonatal jaundice Health education for parents
Gynecology	**Orthotics**	**ENT**	**Nutrition**
Prenatal care Infertility Breast care and examination Maternal and fetal medicine Urology Pre-marital counseling Gynecological examination Postmenopausal care	Orthopedic cases Digital radiography Dual-energy X-ray absorptiometry (DXA, or DEXA) Casting and splinting Injection Orthotics	Various ear, nose and throat diseases Removal of outer ear abscesses and fat deposits near the ear Ear health Ear irrigation procedures Nose ironing Frequent nosebleeds	Nutritional programs Weight management
Dentistry	**Neurology**	**Urology**	**Speech and Language Therapy**
Consultation Teeth whitening Root canal treatment Tooth extractions Scaling (plaque removal) All types of prosthetics and restoration for adults and children	Headache and facial pain Neck, shoulder and back pain Extremity pain, paresthesia, and numbness Altered level of consciousness or memory Shake, dizziness, lightheadedness, imbalance Involuntary movement (tremor or shaking) Brain stroke Difficulty moving or walking	Bladder problems Urinary tract infection Bladder and kidney cancer, ureteral obstruction Kidney stones Erectile dysfunction Enlarged prostate gland Prostate cancer Testicular cancer	Autism spectrum disorder Attention Deficit Hyperactivity Disorder (ADHD) Language delay Cerebral palsy Down syndrome Cleft lip and cleft palate Hearing impairment Clear pronunciation Rehabilitation after surgery Stuttering

Source: Company information.

4.9.3.2 Nahdi Express Clinics

During the first six months of 2021G, the Company opened seven non-urgent care clinics (Nahdi Care Express) in Pharmacies, providing a selection of primary care services consultations such as minor rash, vomiting or diarrhea, upper respiratory symptoms, glucose and blood pressure measurements, cumulative glucose measurement, lipid analysis, vaccination service and weight control, among other services. The plan is to further expand the number of clinics in coming years.

4.9.3.3 Telemedicine

One of the Company's goals is to provide healthcare that is easily accessible to patients. Through the "NahdiCare clinics" application, patients can book video consultations with a specialist doctor or consultant, and they can also obtain remote medical consultations.

4.9.3.4 Instant Consultation

The NahdiCare clinics application provides Guests with an "instant consultation service" that can be accessed electronically within 24 hours via a video call that Guests make with the Company's general practitioners to meet their emergency medical needs. After the consultation is provided, the physician can order the prescription on behalf of the Guest, which is delivered thereto at home within two hours.

4.9.3.5 Home health care services

NahdiCare clinics offer a wide range of health care services that can be provided at patient's preferred location, thanks to the home health care team consisting of nurses, doctors and physiotherapists.

Services provided by the home health care team include:

- Ambulance.
- Laboratory services.
- Injection services.
- Wound care.
- PCR examination.
- Medical Consultations.
- Vaccines and immunizations.

4.10 Employees

As at 30 June 2021G, the Company had 6,153 employees, of whom 2,270 are Saudi nationals. The Saudization Rate of the Company's pharmaceutical entity is 28%, which is classified under the medium green category, and the Saudization Rate of its wholesale and retail entity is 47%, which is classified under the high green range. The following table sets out the distribution of employees per department as at 31 December 2018G, 2019G, 2020G and the Six Month Period Ended30 June 2021G.

Table (4-36): Overview of the Company's Employees:

Department	Number of Employees											
	FY18G			FY19G			FY20G			Six Month Period Ended 30/06/21G		
	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees
Executive Management	10	5	5	10	6	4	9	6	3	9	6	3
Operations	4,927	1,569	3,358	5,150	1,514	3,636	5,416	1,847	3,569	5,422	1,928	3,494
Supply Chain and Business Support	207	104	103	208	102	106	221	109	112	217	109	108
Finance	154	62	92	146	60	86	151	65	86	126	57	69
IT	107	28	79	117	36	81	118	37	81	118	36	82
Commercial	104	13	91	99	26	73	100	26	74	97	34	63

Department	Number of Employees											
	FY18G			FY19G			FY20G			Six Month Period Ended 30/06/21G		
	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees
Human Resources	82	50	32	79	51	28	86	56	30	82	53	29
Marketing	22	11	11	21	9	12	35	21	14	36	20	16
Network Development	41	13	28	36	15	21	31	14	17	27	13	14
Internal Audit	8	6	2	8	6	2	9	7	2	9	7	2
Legal	7	6	1	7	6	1	6	4	2	10	7	3
Total	**5,669**	**1,867**	**3,802**	**5,881**	**1,831**	**4,050**	**6,182**	**2,192**	**3,990**	**6,153**	**2,270**	**3,883**

Source: Company information.

4.11 Saudization Strategy

The Company plays a major role as a national leading company in sponsoring and empowering national cadres in line with the Saudi Vision 2030 and in implementation of the Saudization Resolutions issued by the Ministry of Human Resources and Social Development. The Company has developed several initiatives aiming to activate and implement said Resolutions and therefore the required Saudization Ratios shall be met or even exceeded in all entities and professions. This was reflected in the establishment of an extended strategic partnership between the Company and the relevant government entities such as the Ministry of Human Resources and Social Development and the Human Resources Development Fund (HADAF).

The Company's initiatives are mainly based on the following three key pillars: talent acquisition, talent development, and talent retention.

The first pillar (talent acquisition) aims to recruit the best Saudi national talents from different regions of the Kingdom, in different professions, and at all administrative and operational levels in order to achieve the required Saudization ratios. As at 30/06/2021G, the Company hired more than 2,250 Saudis of national cadres of various specializations, job titles and levels. They are working in the Company's different sectors and departments, and aiming to serve the Company's guests and take care of them in line with the Company's strategies and directions. Moreover, the Company has studied the Saudization Resolutions issued by the Ministry of Human Resources and Social Development and has developed an integrated strategy to Saudize jobs in accordance with the regulations approved by said Ministry and determined the Saudization ratios pursuant to ministerial resolutions issued in regard to pharmacy, accounting and engineering professions and so forth. In order to achieve such initiatives, the Company has targeted many universities in the Kingdom regions with which the Company aims to build strategic relationships and attract qualified graduates from more than 30 Saudi universities through various activities. Such activities include convening meetings holding events on campus, participating in job fairs and career days, in addition to providing training opportunities for students in the Company's departments and sectors in accordance with the agreements concluded with these universities across the Kingdom in order to foster their knowledge, skills and abilities and help them embark on their career journeys. The Company also emphasizes on employing, empowering, providing a suitable and safe work environment for national females in all of its sectors. As on 30/06/2021G, the total number of female employees in the Company was more than 800, from which 30+ national female employees were empowered to hold leadership positions in the Company, as at the aforementioned period.

The second pillar (talent development) aims to develop the Company's national cadres' technical skills, foster their knowledge, upskill their expertise and therefore ensure the achievement of their growth and reach the Company's goals, in compliance with Vision 2030 aiming at developing national talent. Such objectives shall be met through the various programs offered by Nahdi Academy, from the onboarding and preparation programs for new employees, on-the-job training programs, which cover all behavioral and technical skills and hence is reflected in their professional performance level and the provision of distinguished services to the Company's guests. The Company believes in developing the employees' career path and is concerned with the necessity of promoting them according to specific regulations and rules, as nearly 500 Saudi male and female employees were able to move to a higher job rank between 2019G and 2020G. Furthermore, the Company shows interest in identifying and retaining high-potential national employees by focusing on developing their skills to enable them to hold leadership positions, given the low job dropout rate in said category.

The third pillar (talent retention) aims to ensure the continuity of retention of these national talents in the Company and to maintain them through the setting out of financial and moral incentive programs and benefits including bonuses, annual increases, as well as providing benefits for employees through the Company's cooperation with the largest service providers across the Kingdom to would provide the best offers and discounts to meet the employees' needs. The Company also celebrates its employees' special and family occasions to create an appropriate work environment (e.g. Mabrouk program for celebrating newborns, etc.). Such programs shall reflect in the Company's achievement of advanced positions, being best work environment in the Kingdom of Saudi Arabia and Asia for the past five years.

Nahdi Academy

Out of the Company's keenness to provide the Guests thereof with the best services and highest standards, the Company has always focused on developing a distinctive educational culture that is capable of raising the potentials and capabilities of its employees in line with the Company's strategy to serve its guests and add beats to their life. From such standpoint, the Company aims to give its employees unique training and development opportunities in order to ensure that they are continuously enhancing their individual abilities and skills, which shall be reflected in the Company's achievement of operational and strategic goals. Therefore, the Company has, through its human resources department, created the Nahdi Academy, which provides employees with training and development solutions throughout the entire career growth journey and even before the starting of their jobs in the Company. Nahdi Academy aims to train and develop all employees in all positions and locations, including pharmacists, doctors, professionals and specialists in other fields, as well as managers and executives. With the Company's aim to build strong and sustainable partnerships and enhance cooperation with all universities in KSA, Nahdi Academy offers training programs for Saudi university students to qualify and empower them and providing them with information and skills that meet the needs of the labor market. One of the most important training programs for university students is the program targeting students of pharmacy and given in the Company's pharmacies throughout the Kingdom through an intensive and systematic practical training.

Additionally, Nahdi Academy offers fresh graduates training and qualification programs to prepare and equip them to work effectively in the job market. Such training programs include majors such as, without limitation, human resources, marketing, and information technology. The Academy also offers a specialized program for qualifying pharmacy fresh graduates, aiming at qualifying recently graduated Saudi pharmacists to pass the examination of the Saudi Commission for Health Specialties, obtaining a license to practice their profession, and equipping them with the knowledge and skills needed to work as community pharmacists. Working towards the Company's objective of taking good care of its Guests, Nahdi Academy trains and qualifies the Company's new hires so they could perform all the roles and tasks assigned thereto up to the mark from day one. This is achieved through a set of qualification programs targeted at all health care professionals, including doctors, nurses, and pharmacists, to help them provide the highest standards of health service to the Guests. Moreover, the Company offers several programs, the most significant of which are Guests rights and responsibilities, infection control, Guest service, pharmacovigilance, skills for handling primary care cases, skills for handling chronic-disease patients, dispensing prescriptions and health insurance, providing health- and cosmetics-related advice and consultations, and skills for dealing with Guests. Nahdi Academy offers continuous training and development programs for all Company employees, to achieve the Company's strategic goals as well as operational and commercial priorities, and improve the employees' performance and skills. These training and continuous development programs are developed according to the current and future training needs of each employee, and include:

1- Professional Training programs: a set of programs that aim to improve the professional competence of all the Company's employees through specialized professional academies that offer internally developed professional programs, such as the "To Be Program", which is specifically designed to enhance the competence and skills of pharmacist to help them provide the best services and healthcare to the Guests. Upon completing these programs, participants will receive professional certificates from the most prominent international organizations in various disciplines. Furthermore, the CME/CPD programs comply with the requirements of the Saudi Commission for Health Specialties.

2- Behavioral Training programs: a set of programs that enhance the core competencies of employees, including leadership, cooperation, integrity, diligence, and excellence. The Academy also designed unique behavioral training programs that address other behavioral aspects, such as emotional intelligence, resilience, growth mindset, and other behavioral skills needed to ensure pursuing the Company's strategies.

3- Leadership programs: a set of academic programs specialized in developing leadership skills at various administrative levels, offered in partnership with leading international schools prominent in this field, and include the You and the Catalyst programs.

4- Career Development Pathway programs: a set of programs designed to prepare employees to take the first steps in their path to career development, such as the "Talent Magnet" program, which includes several courses aimed at improving capacity and competence for career advancement and accelerating promotion in the available career paths. These programs are developed in line with the future needs of the job market and Company's systems.

5- Highly Qualified Employee Development Programs: a set of programs designed specifically to support, nurture, and develop future leaders from among the Company's employees, to help achieve the Company's strategic goals.

6- Talent Pool Orientation Programs: a set of programs designed to support the Company's employees in identifying and directing their talents towards achieving their personal and professional goals.

The Academy aims to make all means of learning available to the Company's employees that align with modern learning methods and achieve the intended training goals by offering the tutorials in training halls or electronically via the internal e-learning platforms, to help the employees grow and to empower them to achieve the Company's strategic goals. Towards that end, the Academy uses its e-platform, where it offers courses in which the employees could enroll, as may be available according to the approved annual training plan. Furthermore, the Company offers through its social network (Workplace) opportunities for social learning, where employees are encouraged to share and exchange valuable work-related information and applications pertaining to the training program.

4.12 Research and Development

The Marketing Studies department operates under the motto "with you at every moment". Since the beginning of its strategic journey back in 2016G, the Company has implemented the strategy of "taking Guest feedback into consideration". The Company always puts its Guests front and center in every decision, to provide them with outstanding care. It uses the Net Promoter Score (NPS) to measure the key performance indicators and identify the level of Guest satisfaction in all the Company's transactions in its various departments, including the service frontline team at the Pharmacies. At the same time, the Company continues to monitor the performance of its retail competitors, regarded as pioneers in the retail industry and scored high satisfaction level among female Guests. The Company identifies the rank of its brand using corporate identity assessment tools, and is proud to be the best retail brand in the Kingdom. It also uses field polls and detailed evaluation tools to survey Guests' opinions and level of satisfaction. However, the Company develops new Private Label Products from time to time in coordination with manufacturers to advance the "Nahdi" brand, respond to changing demands of Guests, and provide a broader choice of the highest quality to Guests than the Company's competitors. The Company also has an information infrastructure that helps it better understand the Guests' impression of its products and services, and it continuously improves and develops its offerings to satisfy the Guests. For its Private Label products, the Company collaborates with high quality manufacturers with great innovation and development abilities.

4.13 Certifications and Awards

The Company has received a multitude of awards since its establishment, with the most prestigious awards including the following:

- The "Best Retail Environment to Work" award in Saudi Arabia in 2020G.
- The "Best Retail Pharmacy of the Year" award in the context of the RetailME Awards in 2020G.
- The "Brand of the Year – National Companies Category" award in the Global Brands Awards in 2019G and 2020G.
- The "Best Community Development" award in the context of the Gulf Sustainability and CSR Award in 2018G.
- The Silver Award in the Private Sector category of the Waii MOH CSR Award in 2017G.
- The REcon MENA Award in the Store Design and Innovation category in 2017G.
- The "International Safety" Award from the British Safety Council in the area of Supply Chain in 2017G.
- A Guinness World Record in 1437H (corresponding to 2016G) with the "Most Pilgrims served during Hajj."

Source: Company information.

4.14 Company Departments and Support Functions

The Company operates its business through several different departments and functions centrally managed from its head office, as follows:

4.14.1 Operations Department

In recent years, the Company's Operations Department broke free from the traditional framework for managing and operating Pharmacies and developed into a broader framework that encompasses all of the Company's health services as the "omni-health Department". The omni-health Department is responsible for operating, managing and monitoring all health services provided at every "touch point and Guest service center", including Pharmacies, NahdiCare clinics, Nahdi Care Express Clinics, home care services, telemedicine, e-commerce platform, and Guest service centers. Said department aims to ensure consistency and integration of the Guest experience across all touch points and Guest care centers, thus reflecting and enhancing the Company's core strategy.

A key focus of the omni-health Department is creating and executing omni-channel strategies that use a broad range of marketing and commercial strategies to maximize growth including digital innovation, e-commerce, and promotional offers by combining the operation of the Company's Pharmacies and online and mobile app platforms, and overall touch points and Guest care centers.

The omni-health Department is comprised of the following teams that are responsible for each 'touch point' of the Guests experience as follows:

- Pharmacy and clinic interior design team - this team is responsible for creating and implementing the best standards of interior design suited for Pharmacies and Clinics, in line with the Company's strategies and ambitions to provide unique services and a uniform shopping experience across its Pharmacies, including using the latest technologies to enrich the Guests' shopping experience as well as keep up with the latest technical developments in retail sales, and providing health services.

- Pharmacy operations team - this team is responsible for managing and operating Pharmacies, which includes:
  - Pharmacy operations department: responsible for managing and operating the Pharmacies, pharmacist, and other frontline employees.
  - Visual merchandizing department: responsible for carrying out marketing activities in Pharmacies and coordinating product display.
  - Maintenance department: responsible for managing and implementing maintenance and renovation works for Pharmacies.
  - Government and regulatory affairs department: responsible for securing the necessary licenses and observing the policies regulating healthcare facilities.
  - Home delivery: responsible for managing the team in charge of home delivery of online orders.
  - Nahdi Care Express Clinics: responsible for providing non-urgent health services in Pharmacies.

  In broad terms, this team is responsible for the Guest satisfaction level and the services provided thereto, as well as improving the Pharmacies' financial performance, whether in terms of sales or profitability; however, that should not include managing all activities relating to operation and maintenance work, nor compliance with laws and legislations regulating Pharmacies and health facilities. This team is also in charge of preparing "home delivery" and "click and collect" orders placed through the Nahdi app, and carrying out services at Nahdi Care Express Clinics.
- Pharmacy operations excellence team - this team is responsible for creating and implementing all internal policies regulating the Pharmacies in line with the best performance standards approved by Saudi health authorities, to ensure the quality of services and products across all Pharmacies. It is also responsible for continuously reviewing and auditing the task team's compliance to approved performance standards and mystery shopping visits. The pharmacy operation excellence team implements innovative initiatives and solutions to enhance the Guests' shopping experience, such as online Pharmacies, performance follow-up programs, and Pharmacy readiness to serve Guests (for more information, please see section 4.9.2.2.5 "**Pharmacy Readiness and Maintenance**").
- Clinic team - this team is responsible for operating and managing the operations of clinics, telemedicine, home healthcare, and instantaneous consultations.
- Clinic operations excellence team - this team is responsible for the quality assurance of services provided to the Guests in each Clinic and securing an accreditation from the Saudi Central Board for Accreditation of Healthcare Institutions (CBAHI).
- Guest care center team - this team is responsible for providing support to the Guests through phone calls, emails, and social media queries. This team is also responsible for all outbound calls pertaining to Salemtum chronic-disease medication adherence program, managing online delivery orders, and monitoring and dealing with Guest complaints. (For more information, please refer to section 4.9.2.8.4 "**Guest Care**").

4.14.2 Commercial Department

The Commercial Department is responsible for addressing the needs of the Guests by sourcing the needed assortment of brands and products in the required quantities, ensuring the efficiency of stock availability as per purchase and sales plans, registering the items, and keeping track of and providing the latest international and local products to meet the expectations of the Guests. The Commercial Department works on furnishing the latest drugs, medical supplies, health products, mom & baby products, and cosmetics.

The Commercial Department also develops, oversees and implements the Company's Private Label and Direct Imports strategies to achieve sustainability for the Company, as well as differentiation and brand equity. The department is also responsible for producing the Company's contractual and commercial framework for buying, planning and category management along with purchasing decisions to ensure that sales and profit forecasts are met.

Other important responsibilities include maintaining supplier relationships (including through service level agreements and standard operating procedures), updating business strategy against a dynamic market and changing regulatory policy with a view to supporting the sustainable growth of the business. The Commercial Department also manages the Company's relationship with insurance companies, as well as regulators such as the SFDA, CCHI, and others.

4.14.3 Supply Chain and Business Support Department

The Company's Supply Chain and Business Support Department is responsible for managing the end-to-end supply chain process, starting from planning to receive products to coordinating with suppliers in Distribution Centers. It is also responsible for planning the quantities delivered to the Pharmacies and the logistics ranging from preparing the products to delivering them to the Pharmacies. With regard to the Company's Special Brand offering, the responsibilities of the department include planning and repeat-purchasing such items, following clear work mechanisms, using the international Oracle systems, applying international quality and safety systems (ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 13485:2018), and meeting all the requirements of government authorities. The Supply Chain Management and Business Support Department comprises the following main departments:

- **Logistics Operations department** is responsible for organizing and initiating the product handling process stages of receiving the goods until order preparation and distribution to Pharmacies, to ensure product quality through following work mechanisms that guarantee the quality at all stages, ensure they are sent to Pharmacies, and ensure high quality and accuracy of the time required to implement the relevant service.

- **Demand and Inventory Management department** is responsible for planning and managing the movement of goods in the supply chain, communicating with various parties involved, including suppliers of goods as well as internal department and outlets, monitoring the flow of goods. In addition, it is responsible for ensuring product availability with the right stock level at the right place and at the right time to fulfill Guest demand and needs. This function plays a major role in the sales and operations planning cycle to manage quantities for both inbound and outbound activities through a fully integrated system. The department is responsible for maintaining inventory flow and quality in line with the best global performance indicators, which entails managing storage in Distribution Centers in a way that contributes to improving their storage capacity and resources, while ensuring compliance with the requirements of government authorities. The Supply Chain department also develops demand and inventory strategies to ensure shelf availability, stock level, and Pharmacy readiness.
- **Procurement of Non-Commercial Goods department** is responsible for providing services to all of the Company's departments, by offering the needed products or operation contracts through mechanisms and a team that provides the best, high-quality services, to ensure expenditure efficiency and sustainability.
- **Supply Chain Operations Excellence department** is responsible for boosting the efficiency of supply chain performance and updating the mechanisms and technology used in operations to ensure they have the highest level of productivity at the lowest costs, in step with the global developments in the supply sector. The Distribution Centers Maintenance department is part of this department, and is responsible for carrying out maintenance work according to preventive maintenance and periodic maintenance schedules. This department also includes Occupational Safety, which ensures the continuity of operations and the safety of employees.
- **Quality Management and Support Services department** is the department responsible for managing quality within the supply chain and ensuring that the internal mechanisms are updated, to ensure securing international quality certificates such as ISO and keeping pace with the constantly evolving requirements of government authorities, particularly the SFDA. This department is also responsible for providing internal services to offices and Distribution Centers to ensure and improve the quality of the internal work environment.

4.14.4 Legal Department

The Company's in-house legal department is one of the important and effective functions in supporting the Company's business. The legal team is responsible for implementing the laws, regulations, and instructions pertaining to the Company's business, and ensuring following the highest standards to protect and preserve the Company's rights. The most important tasks assumed by the Legal department include:

- Reviewing and following up the Company's articles of associations and updating them with the relevant ministries as well as government and official authorities;
- Preserving the propriety interests and rights of the Company and the Shareholders;
- Preparing and developing legal management strategy policies in line with the Company's general strategy, as well as ensuring their proper implementation to keep pace with the Company's developments;
- Adding legal protection to the Company in its various dealings by providing and expressing the necessary legal opinion and advice to the Company's commercial and administrative departments in all business and legal actions, whether such dealings are internal or with third parties;
- Preparing and reviewing all types of contracts and providing legal support to other departments to mitigate liability and ensure that the Company conducts its business in compliance with the applicable laws and regulations;
- Representing the Company before the various judicial authorities, filing lawsuits on behalf of the Company, defending the Company in the cases brought against it, and drawing up legal policies that ensure minimizing disputes between the Company and the concerned parties;
- Providing legal advice and giving the necessary opinion and advice in relation to the Company's business, and supporting the Company's business with all departments by interacting therewith and providing legal support in the Company's projects; and
- Keeping pace with the continuous developments in the laws, regulations, and instructions issued, and implementing them in the Company's business and actions.

Since 08/2020G, the Head of the Legal Department has been Mohammad Omar Al-Romy, who holds Bachelor's and Master's degree in law from Jordan, and is licensed by the Jordanian Bar Association to practice law. The department consists of several employees, as follows:

4.14.4.1 Ali Hassan Mansour

Holds a Bachelor's degree from Cairo University Khartoum Branch, and worked as a legal advisor in several entities.

4.14.4.2 Noura Talaat Fayrouzi

Holds a Bachelor's degree in Law from King Abdulaziz University, Jeddah, and a Master's degree in International Trade Law from the University of Leicester, the United Kingdom. She is licensed by the Ministry of Justice in Saudi Arabia to practice law.

4.14.4.3 Banan Omar Al-Khouli

Holds a Bachelor's degree in Law from King Abdulaziz University, Jeddah, and a Master's degree in Intellectual Property Law and Information Technology from the University of Dublin, Ireland. She is licensed by the Ministry of Justice in Saudi Arabia to practice law.

4.14.4.4 Faris Saleh Al-Amri

Holds a Bachelor's degree in Law from King Abdulaziz University, Jeddah, and the Certified Compliance Officer (CCO) Certificate from the Financial Academy, which is affiliated to the Saudi Central Bank. He is licensed by the Ministry of Justice in Saudi Arabia to practice law.

4.14.5 Marketing Department

The Marketing department manages all the internal and external marketing campaigns targeted at Guests as well as management related to public relations and government relations. Key objectives of the Marketing function are to establish Nahdi Brand Equity and implement promotional campaigns to support commercial strategic objectives. The Marketing Department includes multiple sub-departments:

- Business Planning, Promotions & NahdiOnline Marketing focuses on managing quarterly business planning with key internal functions, including Commercial, Operations, Supply Chain, Online and Marketing departments; bringing all marketing campaigns to life working closely with Commercial and Category Marketing Teams across marketing mix and planning and implementing the marketing program.
- Loyalty Excellence and Information Analytics manages the Marketing Department's key priorities of driving customer loyalty and retention through the development and enhancement of the Company's loyalty program (Nuhdeek) for developing strategic partnerships in relation thereto. This department also uses data analytics, obtained from various sources, to follow Guests' needs in the market and identify new growth opportunities along with product offering development against market competition.
- Social Sustainability, Corporate Identity Management, and Marketing of Health Products focuses on managing communicates with Guests to enhance their experience based on their needs and past experiences, chiefly social sustainability initiatives as well as awareness and educational campaigns offering services to the benefit of Guests and to help improve their lifestyle. The category management departments (mom & baby, Beauty and Personal Care) also develop strategies for these categories based on the role of each category by creating new segments in line with the needs of the Guests and market condition, and add new products (or Direct Import products) to distinguish Nahdi's Special Brand products and other products that help improve Guest experience and enhance the reputational image of the "Nahdi" brand.

4.14.6 Finance Department

The Finance Department is one of the Company's most important strategic departments. It is responsible for all the Company's funds and their flow, whether inbound or outbound, and for finding the best ways to realize profits by managing and monitoring the Company's business operations from a financial standpoint to ensure that expenditure aligns with the Company's objectives. The department plays a significant role in strategic transactions that support the Company's sustainable growth.

The most important roles played by the Finance Department include:

- Setting financial plans for the Company's projects, ensuring the Company's economic stability, and reviewing the budget.
- Monitoring the market and the Company's competitors, and comparing the Company's revenues with other companies'.
- Optimal capital structure planning to maintain a proper balance between equity capital and debt.
- Performing a capital analysis for the Company, and examining balances, debts, and invoices to avoid future cash flow issues.
- Regularly securing for the Company financial resources that are sufficient to help it achieve success and secure funds internally and from third parties at the lowest possible cost.
- Collecting and using monies in an effective and profitable manner at the lowest cost, and organizing the liquidity of the Company.
- Ensuring that the Company's Shareholders get an appropriate return on investment, in accordance with market prices, Shareholders' expectations, and the potential realized profits.
- Working with the auditor to achieve the highest standards of corporate governance.
- Building strong relations with the Zakat, Tax, and Customs Authority, complying with its standards, and ensuring that the Company is able to properly meet the requirements of the Zakat, Tax, and Customs Authority.

4.14.7 Information Technology Department

The Information Technology Department supports the business through innovative infrastructure and technological solutions to drive core efficiencies and achieve best in class corporate management systems. Effective data management is a core competency of the department, achieved through deployment of a range of security and data administration applications, as is management and evaluation of cybersecurity risks across the business.

The Information Technology Department handles matters such as the development of required IT systems and applications to serve other departments, stores and specific project needs and maintaining communication networks across the Company. The Information Technology department's mission is to provide innovative and cost effective IT solutions to standardize and streamline core business processes; enable decision making through data & analytics; increase staff productivity, collaboration and mobility; and protect the Company's assets through comprehensive cybersecurity and business continuity programs. The department relies on a 'cloud first' strategy to deliver services with speed, reliability, agility ensuring business continuity and disaster recovery services at a much lower cost. The department also considers the cloud services as an enabler for its continued growth and innovation and relies on digital, Guest-centered services approach leveraging online infrastructure and connectivity.

The Company is committed to protecting the information and privacy of its Guests, patients and other participants on its platform. The Company has developed a company-wide policy on data security to preserve individual personal information and privacy in line with the applicable laws and implementing regulations.

4.14.8 Human Resources Department

The Human Resources Department has developed an innovative approach to attract, develop, and retain the Company's best talent. The department aspires to be more than just a business support department – and to rather be a strategic partner in the Company, putting the Company's Guests and business activities front and center, in an effort to maintain and empower the Company's growth ambitions. In the process of empowering the Company's human resources department, the Company created a competitive advantage by cultivating a culture of strong performance and inspiration that links the tasks fulfilled by the employees to achieving the Company's goal.

The Human Resources Department was structured to ensure the successful implementation of its strategy and carrying out activities in line with the best local and international practices, taking into account the priorities and needs of the various Company's departments to that end. The department comprises six main departments, as follows:

- Human Resources Strategies department that is responsible for defining the department's object, in line with the Company's vision,
- Talent Acquisition department that is responsible for attracting the best and most efficient staff members in various positions, including Pharmacies.
- Personnel Development department that is responsible for identifying and developing the skills needed to achieve the Company's purpose.
- Remuneration and Organizational Performance department that is responsible for supporting the realization of the Company's vision by planning the workforce, defining the organizational structure and reward tools, and measuring performance.
- Personnel Department that is responsible for providing human resources services and operations to employees, including, among other services, wages, government relations, and medical insurance services.
- Human Resources Business Partners department, which is a liaison between the Human Resources department and the Company's other departments by building harmonious strategic relationships that ensure smooth implementation of all human resources practices, which translates into strong performance of internal and external operations carried out between the Company's various department.

4.14.9 Network Development Department

Given the importance of the Company's pharmacy and clinic locations for the expansion and success of its business, the Network Development Department has developed a tight methodology to choose the best areas where it should expand and then prepare geospatial analysis studies using the latest programs in this field. The process also includes setting strict standards to ensure the selection of the best sites for an optimal coverage of Guests in selected areas and concluding contracts reflecting amounts that achieve the desired profitability and contractual terms that guarantee the Company's rights. The Company also implements the construction and decoration of these sites on the basis of the latest engineering and technical designs and the highest quality standards, which ensures a distinctive shopping experience for its Guests. All this takes place in coordination with all of the Company's departments using the latest project management programs to equip these sites with all the operational requirements that guarantee their success.

The Network Development Department is divided into four units:

Planning and Research Unit

The Planning and Research Unit undertakes the development of a strategy for the geographical expansion of the Company in the long and short term, by preparing desk and field studies of the real estate market, both inside and outside the Kingdom, in the markets targeted by the Company to ensure that the customers' needs are met. The Unit is also responsible for setting the time plan for the number of pharmacies to be opened each year and their geographical distribution between regions.

The Planning and Research Unit also works on the implementation of this strategy through a research team, which selects the best locations in the targeted areas according to the Company's specifications to ensure the best shopping experience for customers. This also includes studying and evaluating potential acquisitions.

The role of the research team is not limited to the selection of pharmacies sites only, but also extends to the selection of all the Company's sites such as offices, warehouses, clinics and others.

Contract Management Unit

The Contracts Unit is in charge of negotiating new contracts and the renewal of all expired contracts to achieve the optimal rent value for the Company, in accordance with the financial studies that ensure the achievement of the required profitability. It is also responsible for paying rents due on time, in addition to rescinding the contracts required to be terminated by the Company.

Decoration Unit

The Decoration Unit supervises the interior and exterior equipment of the new Company's sites in accordance with approved engineering designs and the highest quality standards, and equips pharmacies with the required product display units which are imported specifically and exclusively for the Company. And as the Company's tends towards increasing the number of "main and premium pharmacies" and adds medical clinics, mostly in independent buildings, the Decoration Unit has been extended to now include coordination with engineering offices in order to prepare the necessary designs and licenses for building these sites, supervision of construction works, renewal and expansion of pharmacies to keep pace with the aspirations of the Company's Guests.

Project Unit

The Projects Unit prepares the business plan of all pharmacies projects from establishing, renovating, expanding and closing, in addition to the establishment of medical clinics. It also manages these projects in coordination with all the Company's departments, using the latest Enterprise Portfolio Management programs to ensure that all tasks are executed within the required quality and time.

4.14.10 Internal Audit

Internal audit is an independent and objective activity. It is functionally affiliated to the Board of Directors and seeks to perform assurance and various advisory activities, to improve and add value to the Company's operations, and help achieving its objectives. By following a systematic and structured approach, this function contributes to evaluating and improving the effectiveness of risk management, control and governance processes. The main tasks are as follows:

- Monitoring operational processes: ascertain that the main operational processes of the Company are operating efficiently and effectively, identify deficiencies therein, if any, and suggest the necessary means and procedures to remedy the same.
- Monitoring financial operations: review financial statements and reports and ensuring that they are prepared in accordance with the approved standards, policies and best practices, identify deficiencies therein, if any, and propose the necessary means and procedures to remedy them, in addition to tasks related to coordination with the external auditor
- Monitoring information systems operations: review information systems and ensure that the highest security standards are being applied; and ensure the reliability and efficiency of these systems, identify deficiencies therein, if any, and propose the necessary means and procedures to remedy them.
- Commitment: ensure that the Company's departments comply with government laws and regulations, in addition to the approved internal Company policies and instructions.
- Follow-up activities pertaining to recommendations' implementation: assist and follow up with the concerned departments to ensure that the recommendations of audit reports are implemented in a timely manner.
- Monitoring risk management processes: ensuring that the Company is managing risks effectively and following the best practices in this regard.
- Consulting activities and other tasks: providing the necessary advice to the Company's management such as reviewing policies and procedures and conducting various investigations.

4.14.11 Office of Strategy and Projects Management

The tasks assigned to the Company's Office of Strategy and Projects Management include forming and following up the implementation of the Company's strategies, following up on the various performance measures for all departments and units, in addition to managing the Company's major projects. The Department is also interested in strategic partnerships with various business partners, to identify and study business development opportunities for the future.

4.15 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 in the nature of its or their business is contemplated.

5- ORGANIZATIONAL STRUCTURE AND CORPORATE GOVERNANCE

The organizational structure of the Company consists of the Board of Directors ("**Board of Directors**" or "**Board**") and the Board committees, namely the Audit Committee, the Nomination and Remuneration Committee, and the Digital Transformation and Cyber Security Committee. The Board assumes final responsibility for guidance, general supervision and general control over the Company and the Senior Executives.

The following chart sets out the organizational structure of the Company as at the date of this Prospectus.

Figure (5-1): Company structure chart as at the date of this Prospectus

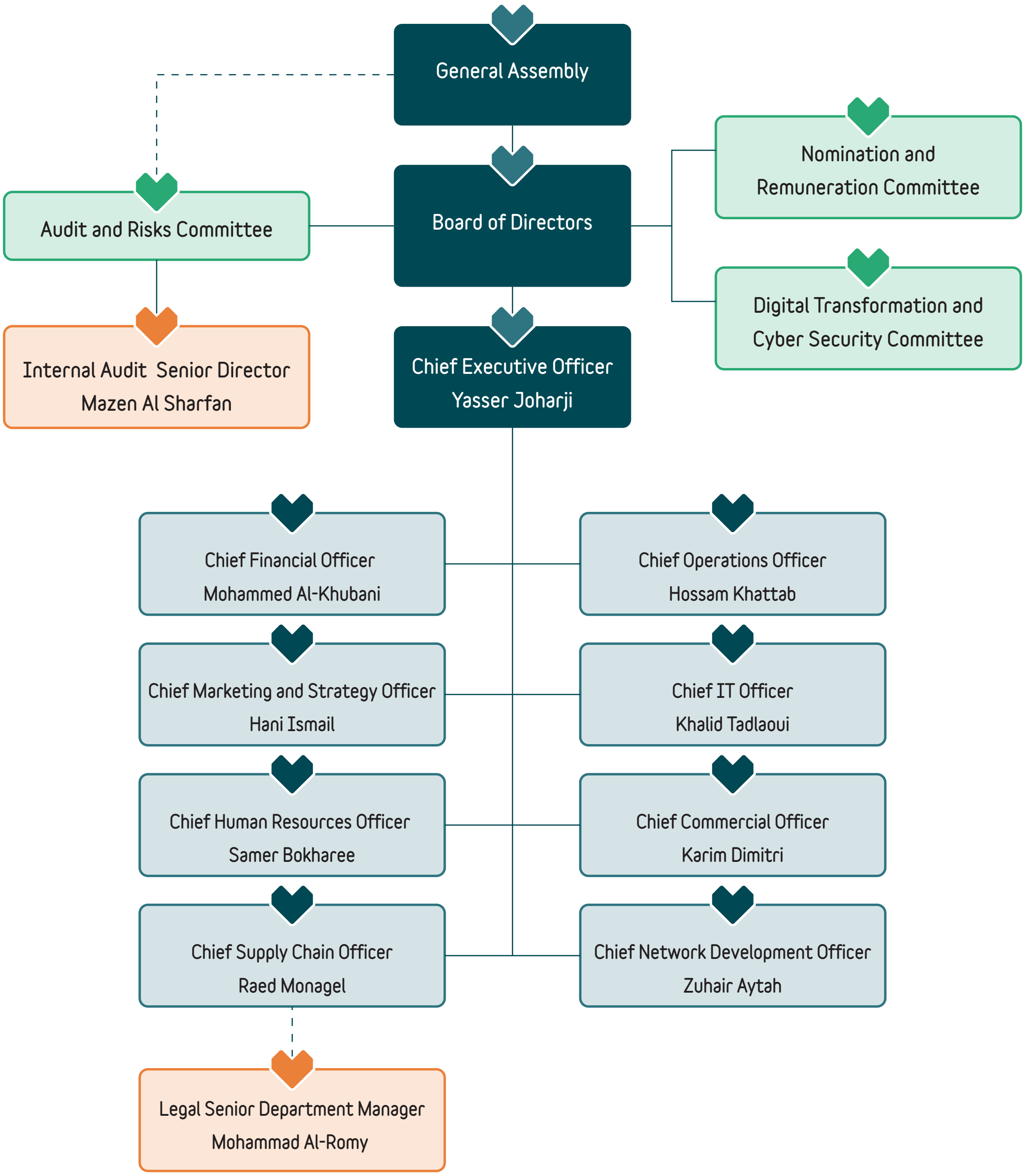


Table (5-1): Direct Ownership in the Company pre and post Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Par Value (SAR)	Direct Ownership (%)	No. of Shares	Par Value (SAR)	Direct Ownership (%)
Al-Nahdi Holding Co. Ltd	65,000,000	650,000,000	50%	45,500,000	455,000,000	35%
Saudi Economic and Development Company SEDCO	65,000,000	650,000,000	50%	45,500,000	455,000,000	35%
Public	-	-	-	39,000,000	390,000,000	30%
Total	**130,000,000**	**1,300,000,000**	**100%**	**130,000,000**	**1,300,000,000**	**100%**

Source: The Company.

5.1 Board Members and Secretary

5.1.1 Formation of the Board of Directors

Under the Bylaws, the Board of Directors shall be comprised of seven (7) Directors appointed by the Shareholders Ordinary General Assembly. The Companies Law, Corporate Governance Regulations, Company's Bylaws and Corporate Governance Manual determine the duties and responsibilities of the Board of Directors. The term of the first appointed Board of Directors, including the Chairman, as appointed by the Shareholders, is for a maximum period of five (5) years. Subsequently, the term of the Board of Directors will be of three (3) years.

At the date of this Prospectus, the Board of Directors is comprised of seven (7) Directors.

The following table sets out the names and relevant details of the Directors as at the date of this Prospectus:

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

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership (%)		Indirect Ownership (%)	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Saleh Salem Ahmed Bin Mahfouz[1]	Chairman of the Board	Saudi	Non-Executive, Non-independent	04/10/2021G	-	-	6.48%	4.53%
2	Abdullah Amer Abdullah Al Nahdi[2]	Vice Chairman of the Board	Saudi	Non-Executive, Non-independent	04/10/2021G	-	-	45.05%	31.53%
3	Abdelelah Bin Salem Bin Ahmed Bin Mahfouz[3]	Member of the Board	Saudi	Non-Executive, Non-independent	04/10/2021G	-	-	7.14%	4.99%
4	Yasser Bin Gholam Joharji	Member of the Board and the CEO	Saudi	Executive, Non-independent	04/10/2021G	-	-	-	-
5	Junaid Sam Bajwa	Member of the Board	British	Non-Executive, Independent	04/10/2021G	-	-	-	-
6	Romain Voog	Member of the Board	French	Non-Executive, Independent	04/10/2021G	-	-	-	-
7	Abdulatif Bin Ali Al-Seif	Member of the Board	Saudi	Non-Executive, Independent	04/10/2021G	-	-	-	-

Source: The Company.

The current Secretary of the Board of Directors is Hussamuddine Hilmi Al-Shahti who does not hold any Shares in the Company.

1 Saleh Salem Ahmed Bin Mahfouz holds a 6.48% indirect ownership pre-Offering, as a result of holding: 11.58% direct ownership in the Saudi Economic and Development Holding Company (SEDCO), which owns 50% of the Issuer's Shares pre-Offering; and 25% ownership in Methak Investment Holding Company, which owns: (i) 99% of Qsour Al-Hanaa for Urban Development Ltd, which in turn holds 5.51% ownership in the Saudi Economic and Development Holding Company (SEDCO) that ultimately owns 50% of the Issuer's shares pre-Offering; and (ii) 99% ownership in AlRuwad Almethalyon Development Company, which owns 1% of Qsour Al-Hanaa for Urban Development Ltd, which in turn owns 5.51% ownership in the Saudi Economic and Development Holding Company (SEDCO) that ultimately holds 50% of the Issuer's shares pre-Offering.

2 Abdullah Amer Abdullah Al-Nahdi holds 45.05% indirect ownership pre-Offering, as a result of holding: (i) 99% direct ownership in Dan General Trading & Contracting Company, which holds 91.0% ownership in Al-Nahdi Holding Company Limited, which ultimately owns 50% of the Issuer's shares pre-Offering; and (ii) 1% direct ownership in Anar Trading Company, which holds 2.0% in Al-Nahdi Holding Company Limited, which ultimately owns 50% of the Issuer's shares pre-Offering.

* Please note that Abdullah Amer Abdullah Al-Nahdi may be referred to as Abdullah Amer bin Munif Al-Nahdi in the prospectus, due to the difference in the registration of names in official documents with the Ministry of Commerce, emphasizing that any reference to either of the two previous names is intended for the same person.

3 Abdelelah Salem Ahmed Bin Mahfouz holds a 7.14% indirect ownership pre-Offering, as a result of holding: 12.9% direct ownership in the Saudi Economic and Development

Holding Company (SEDCO), which owns 50% of the Issuer's shares pre-Offering; and 25% ownership in Methak Investment Holding Company, which holds: (i) 99% ownership in Qsour Al-Hanaa for Urban Development Ltd, which holds 5.51% ownership in the Saudi Economic and Development Holding Company (SEDCO) that ultimately owns 50% of the Issuer's shares pre-Offering; and (ii) 99% ownership in AlRuwad Almethalyon Development Company, which holds 1% ownership in Qsour Al-Hanaa for Urban Development Ltd, which in turn holds 5.51% ownership of the Saudi Economic and Development Holding Company (SEDCO) that ultimately owns 50% of the Issuer's shares pre-Offering.

5.1.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman, members, and Secretary of the Board of Directors include the following:

5.1.2.1 Board of Directors

The Board of Directors represents all shareholders, and shall exercise due diligence and show loyalty in managing the Company and doing everything to uphold the Company's interests, and develop and maximize its value. The Board of Directors shall be responsible for the Company's business, even if it delegates committees, parties, or individuals to exercise some of its powers. In all cases, the Board may not delegate general or indefinite powers.

In accordance with the Bylaws, the Board of Directors is vested with the fullest powers to manage the company on a day-to-day basis. Under the Company's Corporate Governance Manual, the Board of Directors has the following responsibilities:

- Adopting the strategic aims and main objectives of the Company as well as overseeing their implementation, including:
  - Defining the Company's main strategic objectives and developing the key business plans.
  - Approving the annual business plan and annual budgets for revenues, operating and capital expenditures, as well as the financial strategy that supports the realization of the Company's strategy and plan.
  - Determining the optimal capital structure of the Company, its strategies and financial objectives, as well as approving all types of annual budgets.
  - Overseeing the Company's capital expenditures and the acquisition and disposal of assets.
  - Periodically reviewing and adopting the Company's organizational and occupational structures.
  - Setting the performance objectives as well as overseeing their implementation and the Company's general performance.
  - Periodically reviewing and adopting the Company's organizational and occupational structures.
- Managing risks, including:
  - Establishing and overseeing the risk management and assessment framework, including approving a risk tolerance level.
  - Determining the main risks to the Company's business and ensuring that the appropriate risk management systems are implemented when handling them.
  - Participating in reviewing and evaluating strategic risks, as well as receiving periodic reports on such risks and any emerging risks.
  - Determining the policies and resolutions related to all matters that may cause the Company significant any financial or other risks, or otherwise materially affect the Company.
- Developing an effective and internal control system:
  - Developing a written policy to regulate potential conflicts of interest by Directors, Executive Management, and Shareholders, including misuse of Company assets, and misconduct resulting from transactions with Related Parties.
  - Ensuring the integrity of the financial and accounting systems used, including relevant financial reporting systems.
  - Ensuring that appropriate risk management systems are in place by identifying the overall risks that the Company may face and transparently presenting such risks.
  - Annually reviewing the effectiveness of the Company's internal control procedures.
- Preparing reports on the Company's performance, including:
  - Ensuring that the Company's business is conducted legally and in accordance with the approved performance standards and disclosure requirements.
  - Ensuring that the Company observes all relevant regulatory requirements.
  - Reviewing periodic reports issued by the Board committees, Executive Management, and internal and external auditors to assess their performance and correct any discrepancies.
  - Reviewing the performance information in light of the stakeholders' comments and comparing that to companies carrying out similar activities to the Company's.
- Approving and monitoring the effectiveness of the Company's Corporate Governance Manual, and amending the same where required.
- Protecting and building up the Company's reputation.

- Executive and administrative arrangements, including:
  - Selecting and appointing the Company's CEO, and overseeing his work.
  - Ensuring that the appropriate policies and systems for recruiting, developing, retaining, and rewarding employees are in place.
  - Monitoring and managing potential conflicts of interest between the Management, the Directors, and the Shareholders, including misuse of Company assets, and misconduct resulting from transactions with Related Parties.
  - Developing policies for evaluating the Executive Management and ensuring the adoption and implementation of appropriate policies for evaluations of other employees conducted by the Executive Management.
  - Evaluating the overall performance of employees and the effectiveness of the Board of Directors.
  - Reviewing the Executive Management's succession plans and administrative development programs.
- Preparing reports, including:
  - Ensuring the integrity of the Company's accounting and financial reporting system, including the independent audit, and adopting the appropriate control systems, particularly risk control systems, financial controls, and compliance with relevant laws and regulations.
  - Overseeing the disclosure process and communicating with the Shareholders.
  - Approving the Company's financial statements and ensuring their accuracy before presenting them to the Shareholders.
- Board responsibilities towards Subsidiaries:
  - Setting financial objectives.
  - Monitoring the financial performance.
  - Approving investments as determined by the Board's internal policies.
  - Evaluating the performance of the Subsidiaries' boards and board members.

The Company's Board of Directors shall retain its responsibilities towards Subsidiaries in respect of all material decisions that have legal or financial repercussions on the Company. For that purpose, the Board of Directors shall develop a specific internal policy defining the respective powers of the Company's Board and those of its Subsidiaries' boards, as well as the mechanism to follow-up and submit the latter to Management. Said mechanisms include amending the articles of association of subsidiaries, approve budgets and financial statements, and approve the distribution of profits and other such decisions.

5.1.2.2 Chairman of the Board

The responsibilities of the Chairman of the Board of Directors revolve around leading the Board and facilitating constructive contributions and initiatives by all Board members to ensure that the Board is effective in performing its functions as a whole through the exercise of its duties and responsibilities.

Under with the Bylaws, the Chairman is vested with the powers of representation before various governmental and non-governmental authorities, and third parties. Under the Corporate Governance Regulations, the Chairman's main responsibilities include:

- Chairing board meetings.
- Ensuring that the Board members obtain complete, clear, accurate and non-misleading information in due course.
- Ensuring that the Board effectively discusses all fundamental issues in due course.
- Representing the Company before third parties in accordance with the Companies Law, its implementing regulations, and the Bylaws.
- Encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company.
- Ensuring that there are actual communication channels with the Shareholders and conveying their opinions to the Board.
- Encouraging constructive relationships and effective participation between the Board and the Senior Executives on the one hand, and the Executive, Non-Executive, and Independent Directors on the other hand, and creating a culture that encourages constructive criticism.
- Preparing agendas of the Board meetings, taking into consideration any matters raised by Board members or the auditor, and consulting with the Board members and the Managing Director upon preparing the Board's agenda.
- Convening periodic meetings with the Non-Executive Directors without the presence of any Executive Director.
- Notifying the Ordinary General Assembly while convening of the businesses and contracts in which any Board member has direct or indirect interest.

The Chairman of the Board of Directors also chairs the Company's General Assembly meetings.

5.1.2.3 Vice Chairman of the Board

The responsibilities of the Vice Chairman of the Board of Directors include directing the Management and reviewing important decisions prior to submitting them to the Board of Directors. The Vice Chairman of the Board of Directors shall act in lieu of the Chairman in the absence of the latter and shall have the powers delegated thereto, in writing, by the Chairman of the Board of Directors.

5.1.2.4 Secretary

The Secretary is responsible for organizing Board meetings. Under the Company's Corporate Governance Manual, the Secretary's main responsibilities include:

- Ensuring that Board procedures are followed and regularly reviewed.
- Following-up Board resolutions and informing the Chairman and the Board of any challenges.
- Providing the Chairman and Board members with information relevant to their responsibilities.
- Preparing and distributing the draft minutes of Board meetings.
- Ensuring that all necessary information is available and sharing them with the Board members and the Executive Management.

5.1.2.5 Chief Executive Officer

The Chief Executive Officer is responsible for the financial and operational performance of the Company in general, the development and implementation of the Company's strategy, and the implementation of the Company's Board approved annual business plan. The Chief Executive Officer directly reports to the Company's Board of Directors, and acts as a liaison between the Management and the Board of the Company.

5.1.3 Service and Employment Contracts with Board Members

Except for the contract concluded with Yasser Joharji in his capacity as CEO, the Company did not enter into any employment contracts with Board members. Nevertheless, the Board members receive remuneration as per the Company's Bylaws, without prejudice to the legislative controls issued in this regard. The Board members were appointed pursuant to the General Assembly resolutions issued on the dates set forth in Section 5.1.4 "**Biographies of the Members and Secretary of the Board**". For further information, see Section 5.5 "**Remuneration of Board Members and Senior Executives**".

5.1.4 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.

5.1.4.1 Saleh Salem Ahmed Bin Mahfouz

Age:	71 years
Nationality:	Saudi
Current Position:	Chairman of the Board of Directors
Appointment Date:	04/10/2021G
Academic Qualifications:	Bachelor's Degree in Civil Engineering from King Fahd University of Petroleum and Minerals in Dhahran, 1976G.
Current Executive Positions:	N/A
Current Memberships:	• Since 2009G, Chairman of Saudi Economic and Development Holding Company (SEDCO), a closed joint-stock company established in Jeddah and engaging in the sector of investments. • Since 2004G, Chairman of Red Sea Markets Co. Ltd., a limited liability company established in Jeddah and engaging in the sector of real estate investment and operation of shopping centers. • Since 2012G, Chairman of Al Mahmal Development Co., a limited liability company established in Jeddah and engaging in the real estate development and management sector. • Since 2004G, Chairman of Al Mahmal Facilities Services Co., a limited liability company established in Jeddah and engaging in the sector of facilities services. • Since 2014G, Board Member at Al Khomasia International for Real Estate Development Company Ltd, a limited liability company established in Jeddah and engaging in the general construction of residential buildings as well as in the sale, purchase and management of real estate.

Previous Executive Positions:	• From 2009G to 2021G, Chairman of the Executive Committee at Saudi Economic and Development Co, a closed joint stock company established in Jeddah operating in the investment sector.
Previous Memberships:	• From 2010G to 2017G, Board Member at Al Balad Al Ameen, a limited liability company established in Jeddah and engaging in the urban development and construction sector. • From 2005G to 2017G, Board Member at Yanbu Saudi Kuwaiti Paper Products Co. Ltd. (YSKPPC), a limited liability company established in Jeddah and engaging in the paper industry. • From 2001G to 2017G, Board Member at Elaf Travel and Tourism, a limited liability company established in Jeddah and engaging in the tourism sector. • From 1977G to 2017G, Board Member at Yanbu Cement Company (YCC), a joint-stock company established in Jeddah and engaging in the cement industry. • From 2009G to 2021G, Chairman of the Executive Committee at Saudi Economic and Development Co, a closed joint stock company established in Jeddah operating in the investment sector.

5.1.4.2 Abdullah Amer Abdullah Al Nahdi[3]

Age:	60 years
Nationality:	Saudi
Current Position:	Vice Chairman of the Board
Appointment Date:	04/10/2021G
Academic Qualifications:	Bachelor of Business Administration (BBA) from King Abdulaziz University, 1985G.
Current Executive Positions:	N/A
Other Current Memberships:	• Since 2009G, Chairman of Al-Nahdi Transport Company, a limited liability company established in Jeddah and engaging in the sector of food, equipment and containers transport. • Since 2007G, Board Member at King Salman Center for Disability Research, a non-profit organization established in Riyadh. • Since 2010G, Board Member at King Abdulaziz University Endowment 'Waqf', a charitable endowment established in Jeddah.
Previous Executive Positions:	N/A
Previous Memberships:	N/A

5.1.4.3 Abdelelah Bin Salem Bin Ahmed Bin Mahfouz

Age:	69 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	04/10/2021G
Academic Qualifications:	Bachelor of Business Administration from the Ohio State University, USA, 1975G.
Current Executive Positions:	N/A
Other Current Memberships:	• Since 2009G, Board Member at the Saudi Economic and Development Holding Company (SEDCO), a closed joint-stock company established in Jeddah and engaging in the sector of investments. • Since 2017G, Vice Chairman at Saudi Economic and Development Holding Company (SEDCO), a closed joint-stock company established in Jeddah and engaging in the sector of investments. • Since 2015G, Chairman at Methak Holding Company, a limited liability company engaging in the investment sector. • Since 2014G, Vice Chairman at Salem bin Mahfouz Foundation (SBMF), a non-profit organization specialized in the qualitative grants in the field of education, empowerment and community development. • Since 2013G, Chairman of the Board of Directors at Al Mehwar Investment Holding Company, a limited liability company engaging in the investment sector.

3 Please note that Abdullah Amer Abdullah Al-Nahdi may be referred to as Abdullah Amer bin Munif Al-Nahdi in the Prospectus, due to the difference in the registration of names in official documents with the Ministry of Commerce, emphasizing that any reference to either of the two previous names is intended for the same person.

Previous Executive Positions:	• From 2006G to 2009G, Managing Director of Financial Investments Group at SEDCO. • From 1994G to 1997G, Deputy Managing Director at Saudi Economic and Development Holding Company (SEDCO). • From 1980G to 1990G, Deputy Regional Director at National Commercial Bank (NCB), a joint-stock company established in Jeddah and engaging in the banking sector.
Previous Memberships:	From 2009G to 2017G, Chairman of the Board of Directors of SEDCO Capital.

5.1.4.4 Romain Voog

Age:	50 years
Nationality:	French
Current Position:	Member of the Board of Directors
Appointment Date:	04/10/2021G
Academic Qualifications:	• Diploma in Mathematics and Physics from Chapelle School in Paris, 1993G. • Master's Degree in Economics and Business from École Centrale Paris, 1996G.
Current Executive Positions:	• Since 2021G, CEO of OLX Group, a limited liability company established in Netherlands and engaging in the e-commerce sector.
Other Current Memberships:	• Since 2021G, Member of the Board of Directors of OLX B.V., a limited liability company established in Netherlands and engaging in the financial sector. • Since 2021G, Member of the Board of Directors of OLX Global B.V., a limited liability company established in Netherlands and engaging in the financial sector. • Since 2021G, Member of the Board of Directors of OLX India B.V., a limited liability company established in Netherlands and engaging in the financial sector.
Previous Executive Positions:	• From 2018G to 2020G, Vice President of Operations, Sales and International Geography at Airbnb Inc., a public joint-stock company (ABNB, Nasdaq) established in USA and engaging in the travel and short-term rental industry. • From 2015G to 2018G, CEO of Global Fashion Group, (GFG.DE, Xetra), an e-commerce company operating in 24 countries across 5 continents. • From 2012G to 2015G, President and General Manager at Amazon France, a public joint-stock company established in the USA and engaging in the retail and e-commerce sector. • From 2008G to 2012G, Member in the Executive Committee and Director of Books, Electronics and Hard-line Categories at Amazon France. • From 2003G to 2008G, General Manager at Carrefour, a public joint-stock company established in France and engaging in the retail sector.
Previous Memberships:	N/A

5.1.4.5 Yasser Bin Gholam Joharji

Age:	51 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors and CEO
Appointment Date:	04/10/2021G
Academic Qualifications:	Bachelor's Degree in Industrial Engineering from King Saud University in Riyadh, 1993G.
Current Executive Positions:	Since 2014G, CEO of Nahdi Medical Co.
Other Current Memberships:	N/A

Previous Executive Positions:	• From 2010G to 2014G, General Manager of Unilever Saudi Arabia, a public limited liability company established in Britain and engaging in the consumer products sector. • From 2007G to 2010G, General Manager of Marketing for Home and Personal Care Products at Unilever Saudi Arabia, a public limited liability company established in Britain, operating in the consumer products retail sector. • From 2002G to 2007G, General Manager of Marketing for Hair and Dental Care Products at Unilever Arabia. • From 1998G to 2002G, Brand Manager at Unilever Arabia. • From 1993G to 1998G, Brand Manager at Savola Group, a closed joint stock company operating in the food industry.
Previous Memberships:	N/A

5.1.4.6 Junaid Sam Bajwa

Age:	43 years
Nationality:	British
Current Position:	Member of the Board of Directors
Appointment Date:	04/10/2021G
Academic Qualifications:	• Medical Degree from King's College London, 2004G. • Master's Degree in Medical Administration from the University of Birmingham, UK, 2013G. • Certificate in Executive Medical Management Program from the National Health Service (NHS), Britain, 2015G. • Certificate in Executive Leadership Program from Harvard University, USA, 2016G. • MBA from Imperial College Business School, 2019G.
Current Executive Positions:	• Since 2020G, Chief Medical Scientist at Microsoft, a public joint-stock company established in USA and engaging in the technology sector.
Other Current Memberships:	• Since 2021G, Board Member at Medicines and Healthcare products Regulatory Agency, a regulatory government entity. • Since 2021G, Board Member at Nuffield Health, a charitable organization engaging in the health and wellness sector. • Since 2021G, Board Member at University College London Hospitals NHS Foundation Trust, a hospital engaging in the health sector. • Since 2021G, Board Member at Medica Group, a public limited liability company engaging in the medical sector. • Since 2020G, Board Member at University College London Hospitals (UCLH) NHS Foundation Trust, a charitable organization engaging in the health sector. • Since 2008G, Board Member at Essential Guide UK Limited, a private limited company engaging in the health sector.
Previous Executive Positions:	• From 2015G to 2018G, Executive Director of Healthcare Services at MSD Health Services, a public joint-stock company established in USA and engaging in the pharmaceutical manufacturing sector.
Previous Memberships:	N/A

5.1.4.7 Abdulatif Bin Ali Al-Seif

Age:	43 years
Nationality:	Saudi
Current Position:	Member of the Board of Directors
Appointment Date:	04/10/2021G
Academic Qualifications:	• Bachelor of Business Administration from Boston University, USA, 2001G. • Master's Degree in Economics from Boston University, USA, 2006G. • MBA from Boston University, USA, 2006G.
Current Executive Positions:	• Since 2021G, Managing Director and Executive Member at Seventeen Investments Limited, a closed joint stock company managing investments in the securities business.

Other Current Memberships:	• Since 2021G, Board Member at Abdullah Al Othaim Investment Company, a closed joint stock company operating in managing investments. • Since 2021G, Board Member at Nahdi Medical Co. • Since 2017G, Board Member at Al Rajhi Bank, a public joint stock company operating in the banking sector. • Since 2019G, Board Member at Wisayah Investment Company, a Saudi limited liability company operating in the investment management sector. • Since 2019G, Board Member at the National Petrochemical Company, a Saudi public joint stock company engaging in investment activities in the petrochemical industry. • Since 2018G, Board Member at Arabian Cement Company (ACC), a Saudi public joint stock company operating in the cement production sector. • Since 2020G, Board Member at Arabian Internet and Communications Services Company, a Saudi public joint stock company, operating in the information and communications sector. • Since 2021G, Chairman of the Audit Committee at Arabian Internet and Communications Services Company, a Saudi public joint stock company, operating in the information and communications sector. • Since 2021G, Board Member at Riva Investment, a limited liability company operating in the real estate management sector.
Previous Executive Positions:	• From 2018G to 2021G, CEO of Raidah Investment Company (RIC), a limited liability company operating in the investment management sector. • From 2017G to 2018G, Investment Consultant at Public Pension Agency (PPA), a Saudi public agency. • From 2014G to 2017G, Vice President and Chief Investment Officer at King Abdullah Humanitarian Foundation (KAHF), a charitable organization engaging in the field of humanitarian and in relief projects and initiatives. • From 2012G to 2014G, Director of Portfolio Department at Mohammed Ibrahim Alsubeaei & Sons Investment Company (MASIC), a closed joint-stock company, engaging in the investment sector. • From 2011G to 2012G, Investment Portfolio Manager at Saudi Arabian Oil Company (ARAMCO), a Saudi joint stock company engaging in oil, natural gas, petrochemicals, and related businesses. • From 2009G to 2011G, Investment Portfolio Manager at KAUST Investment Management Company (KAUST IMC), a US company, operating in the investment sector. • From 2006G to 2009G, Financial Analyst - Investment Management Department at Saudi Arabian Oil Company (ARAMCO), a Saudi joint stock company engaging in oil, natural gas, petrochemicals, and related businesses. • From 2001G to 2004G, Financial Analyst - Credit and Collection Department at Saudi Arabian Oil Company (ARAMCO), a Saudi joint stock company engaging in oil, natural gas, petrochemicals, and related businesses.
Previous Memberships:	• From 2016G to 2018G, Board Member at HSBC Saudi Arabia, a limited liability company, operating in the banking sector. • From 2018G to 2021G, Board Member at Raidah Investment Company (RIC), a limited liability company operating in the investment management sector. • From 2009G to 2011G, Portfolio Manager at KAUST Investment Management Company (KAUST IMC), an American company engaging in the investment sector.

5.1.4.8 Hussamuddine Hilmi Al-Shahti

Age:	54 years
Nationality:	Saudi
Current Position:	Secretary of the Board of Directors
Appointment Date:	28/10/2021G
Academic Qualifications:	• Bachelor of Business Administration from King Abdulaziz University, Jeddah, 1996G. • Master's degree in International Securities, Investments and Banking, UK, 1998G.
Current Executive Positions:	• Secretary of the Board of Directors.
Previous Executive Positions:	• From 1992G to 2003G, Senior Broker/ Dealer (international investment and stocks; and currencies) in the National Commercial Bank, a joint stock company established in Saudi Arabia and operating in the banking sector. • From 2003G to 2005G, Senior Director of Customer Relations in Private Banking Services at the Saudi American Bank, a joint stock company established in Saudi Arabia and operating in the banking sector. • From 2005G to 2010G, Financial and Investment Analyst and Director of the North American region in the Real Estate Group. • Since 2010G, a Secretary of the Board of Directors for a number of companies affiliated with the SEDCO Holding Group, a closed joint stock company operating in the investment sector.

5.2 Board Committees

The Board of Directors shall form committees in order to better run the Company. Each Committee shall have its own charters which determine the Committee's roles, responsibilities, and powers. The Committees shall periodically hold meetings for the purpose of carrying out the tasks entrusted thereto.

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

5.2.1 Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to determine the policies and procedures related to the nomination of the Board's, its Committees', and the Executive Team's members, and to determine the policies and procedures related to their remunerations. The Committee's scope of work includes all duties designed to enable it to fulfil its functions, including:

- Preparing a clear policy for the remunerations of the Board members, its committees, and the Executive Management, presenting such policy to the Board for approval by the General Assembly, provided that such policy follows standards that are linked to performance, and disclosing and ensuring the implementation of such policy.
- Clarifying the relation between remunerations being paid and the applicable remuneration policy, and highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
- Providing recommendations to the Board in respect of the remunerations of Board members, its committees, and the top Executives, in accordance with the approved policy.
- Suggesting clear policies and standards for membership in the Board, its committees, and the Executive Management.
- Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards.
- Preparing a description of the competencies and qualifications required for Board membership and Executive Management positions.
- Determining the amount of time that the member must allocate to the activities of the Board.
- Annually reviewing the skills and expertise required from the Board members and the Executive Management.
- Reviewing the structure of the Board and Executive Management and providing recommendations regarding changes that may be made to such structure.
- Annually monitoring the independence of Independent Directors and ensuring that there are no conflicts of interest, if a Board member also acts as a Board member of another company.
- Providing job descriptions for the Executive, Non-Executive and Independent Directors and the Senior Executive Management.
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.
- Determining the strengths and weaknesses of the Board and recommending remedy solutions that serve the Company's interests.
- Providing an appropriate level of training for new Board members and introducing them to the Company's mission and achievements in order for them to be able to perform their work with the required efficiency.
- Studying and reviewing the performance of the Executive Management.
- Studying and reviewing the Company's replacement plans in general, and that of the Board, the CEO and Senior Executives.
- Studying and reviewing the CEO's recommendations regarding the appointment and dismission of Senior Executives, except for the Director of Internal Audit Department who is appointed and dismissed on the recommendation of the Audit Committee.
- Ensuring the ability and quality of practices and standards that govern the HR activity, as well as the ability of leadership and talent development programs to comply with practices and standards that befit the Company's position.
- Evaluating the effectiveness and efficiency of HR systems and other systems related to talent development, and ensuring an effective application of successful practices in the field of HR in order to meet, by priorities, the needs of both the basic and support sectors.
- Evaluating HR programs, including talent acquisition, retention, performance management, succession plans, comprehensive remuneration and incentive programs, diversification of employment sources programs, to enrich cumulative expertise and therefore enable the Company to improve the culture of institutional performance at the macro level.
- Ensuring the quality of all necessary and appropriate tools of measurement of HR effectiveness.
- Assessing the effectiveness and quality of human capital programs targeting the Company's Executives, including career succession programs.
- Reviewing the data related to the benefits and compensations paid to similar positions of senior market executives and assessing the Company's competitive position in this regard.

The Nominations and Remunerations Committee shall be composed of at least (3) and at most (5) members to be appointed by the Company's Board of Directors for a period of three (3) years.

Subject to the conditions to be met by the Members of the Nomination and Remuneration Committee, the Board of Directors shall appoint the Committee Members for a period of three years. The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted thereto, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondences, or other matters that the Committee deems important to have access to.

The following Members were appointed to the Nominations and Remunerations Committee pursuant to a Board Resolution dated 22/03/1443H (corresponding to 28/10/2021G).

Table (5-3): Nomination and Remuneration Committee Members

	Name	Position
1	Junaid Sam Bajwa	Chairman of the Committee
2	Tariq Hussein Raqaban	Member
3	Waleed Ahmed Bahamdan	Member

Source: Company information

The following is a brief overview of the Members of Nomination and Remuneration Committee:

5.2.1.1 Junaid Sam Bajwa

Please refer to Section 5.1.4.6 for more details about Junaid Sam Bajwa's experiences as well as current and previous positions.

5.2.1.2 Tariq Hussein Raqaban

Age:	68 years
Nationality:	Saudi
Current Position:	Member of the Nominations and Remunerations Committee
Appointment Date:	28/10/2021G
Academic Qualifications:	• Degree in Industrial Psychology from Bolton Institute of Technology, UK, 1979G. • Master's Degree in Workforce Studies from the University of Westminster, UK, 1987G. • Graduate Certificate in Executive Training from the University of Bristol, UK.
Current Executive Positions:	N/A
Other Current Memberships:	• Member of the Nomination and Remuneration Committee at Al Nahdi Company.
Previous Executive Positions:	• From 2011G to 2020G, Founding Partner of ICG Consulting. • From 1998G to 2011G, Deputy Head of Human Resources and Public Affairs at Saudi Economic and Development Holding Company (SEDCO). • From 1993G to 1998G, Deputy Director of HR Department at the Islamic Development Bank. • From 1985G to 1993G, Director of Career and Organizational Development in International Airports Projects at the Ministry of Defense and Aviation.
Previous Memberships:	N/A

5.2.1.3 Waleed Ahmed Bahamdan

Age:	51 years
Nationality:	Saudi
Current Position:	Member of the Nominations and Remunerations Committee
Appointment Date:	28/10/2021G
Academic Qualifications:	Bachelor of Science in Electrical Engineering from Purdue University, USA, 1994G.

Current Executive Positions:	• Since 2012G, Vice Chairman, Board Member, and Member of the Compensation & Benefits Committee at the Industrial Group. • Chairman and Co-Founder of Dimension, a management and business consulting firm based in Riyadh. • Executive Board Member and Partner in Trust, one of the leading companies in the field of insurance consulting and brokerage, the licensed Saudi Arabian Monetary Agency based in Jeddah. • Member of the Board of Directors of WorldCare Saudi Arabia - part of WorldCare International, an American company engaging in telemedicine. • Co-Founder and Executive Board Member of Dari, a real estate development company specializing in high quality, affordable housing units, based in Jeddah.
Other Current Memberships:	• Member of the Executive Committee of the New Muslims Organization, part of the Muslim World League that focuses on Muslims in Western Europe. • Member of the Board of Trustees at Taibah University in Madinah. • Executive Member at the Small and Medium Enterprise Development Center at Jeddah Chamber of Commerce and Industry (JCCI).
Previous Executive Positions:	• From 2012G to 2014G, Vice Chairman and Member of the Board of Directors and Member of the Executive Committee at SALE Advanced Co. Ltd. • From 2008G to 2010G, Head of Communications and Relations at Alkhabeer Capital. • From 2005G to 2008G, Vice President at Sara Holding Company. • From 2005G to 2007G, Executive Vice President and Managing Director at Sara Telecom. • From 2004G to 2005G, General Manager of the Group - Middle East at Ashwa Technologies. • From 2003G to 2004G, Regional Sales and Marketing Manager at Ashwa Technologies. • From 1999G to 2003G, Sales Manager at General Electric, energy products. • From 1997G to 1999G, Sales Manager at General Electric.
Previous Memberships:	• From 2016G to 2017G, Senior Consultant to His Excellency the Minister of Commerce on a special mission to assist the Governor in establishing the newly formed Small and Medium Enterprises Development Authority. • From 2012G to 2016G, Secretary, Board Member, and Chairman of the Executive Committee at Al Bir Society. • From 2001G to 2003G, Member of the Liaison Committee at the American Business Association in its Eastern Province Branch.

5.2.2 Audit Committee

Ensuring that an effective internal control system is in place is one of the responsibilities entrusted to the Board of Directors. The main task of the Audit Committee is to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives The Committee is also responsible for implementing risk management policies and procedures, and reviewing risk assessment activities and risk reduction plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by Capital Market Authority (CMA) and the Company's Corporate Governance Manual and Policy. The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- Financial Statements:
  - Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
  - Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
  - Analyzing any important or non-familiar issues contained in the financial reports.
  - Meticulously investigating any issues raised by the Company's Finance Director or any person assuming their duties or the Company's compliance officer or external auditor.
  - Examining the accounting estimates in respect of material issues contained in the financial reports.
  - Examining the accounting policies followed by the Company and providing its opinion and recommendations thereon to the Board.
  - Regularly reporting to the Board of Directors any issues arising in connection with the quality or integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, as well as the performance and independence of the external auditor of the Company.

- Internal Audit and Accounting Policies:
  - Examining and reviewing the Company's internal, financial, and risk management systems.
  - Studying the Internal Audit reports, and pursuing the implementation of the corrective measures in respect of the notes included therein.
  - Monitoring and overseeing the performance and activities of the Internal Auditor and the Company's Internal Audit Department, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned tasks and duties. If the Company does not have an Internal Auditor, then the Committee shall submit its recommendation to the Board on whether there is a need for appointing an auditor.
  - Recommending the Board of Directors to appoint the head of the Internal Audit Unit or Department, or an internal auditor, and propose his/her remunerations.

- Auditor:
  - Annually recommending the Board of Directors to nominate, dismiss, and determine the remuneration of the external auditor.
  - Verifying the external auditors' independence by obtaining data from them about their relations with the Company, including any relationship involving the provision of non-audit services, and discussing the same with the auditors.
  - Studying the external audit reports, and collaborating with external auditors and supporting them where possible to establish alternative ways of communication between the external auditors and the Board of Directors, as needed.
  - Overseeing the finalization of audited financial statements at the end of the year.
  - Studying the audit plan with the external auditor (especially the scope and approach of the proposed audit), by coordinating audit efforts with the Internal Auditor.
  - Studying the audited financial statements, and coordinating with the external auditor on the audit approach and accounting adjustments, and recommending the Board of Directors to improve internal control and any other important results derived from the audit process.
  - Reviewing the qualifications of the external auditor and assessing his performance and the extent of his independence, including reviewing and evaluating the main partner while taking into account the Company Management's and Internal Auditors' opinions thereon and submitting the conclusions thereof to the Board of Directors.
  - Studying the conditions and descriptions of each audit assignment /private consultation undertaken by the external auditors and the remuneration thereof.
  - Periodically meeting with the external auditors to discuss any issues that the Audit Committee or the Auditors deem necessary to be discussed in a closed session.

- Internal Audit:
  - Ensuring that the Company formally defines the objective of the Internal Audit Unit, its powers and responsibilities in order to conduct and study, in coordination with Senior Management and the Audit Committee, the continuous assessments of the Company's operations, risk management processes and internal control system.
  - Approving the annual remuneration of the Head of Internal Audit Unit, evaluating his performance, and adjusting his salary in accordance with the Company's Compensation and Benefits Policy.
  - Recommending the Chairman of the Board of Directors to nominate and dismiss the Director of the Internal Audit Department.
  - Overseeing the internal audit work and reviewing its charter, scope of work, efficiency, independence, objectivity, performance and work plan; and viewing the Internal Audit's periodic and annual reports.
  - Studying the summary of all internal audit reports, including the Management's responses and the mentioned exceptions, and pursuing the implementation of the corrective measures in respect of the notes included in the Internal Audit report.
  - Overseeing the Company's Internal Audit Unit to ensure its effectiveness in undertaking the tasks and duties assigned thereto and determined by the Board of Directors.
  - The Audit Committee shall have the final power to study and approve the annual audit plan and all major changes therein.
  - Ensuring that there are no unjustified restrictions, and studying and approving the appointment, replacement or dismissal of the Director of the Internal Audit Department.
  - Reviewing, at least once a year, the performance of the Director of the Internal Audit Department and approving his annual remuneration and adjusting his salary if necessary.
  - Reviewing the effectiveness of the Internal Audit Unit, including its compliance with the IIA's International Standards for the Professional Practice of Internal Auditing.
  - Periodically meeting with the Internal Audit Department Director to discuss any issues that the Audit Committee or the Internal Audit Unit deems necessary to be discussed in a closed session.

- Compliance:
  - Reviewing the findings of the reports of supervisory authorities and considering the auditor's notes.
  - Verifying that the Company complies with the relevant laws, regulations, policies and instructions.
  - Reviewing the process of communicating the Rules of Professional Conduct and Ethics to the Company employees, and monitoring compliance therewith.
  - Reviewing the contracts and transactions to be concluded between the Company and Related Parties, and presenting comments thereon to the Board of Directors.
  - Reporting to the Board any issues, as it deems necessary, to take action thereon, and providing recommendations as to the steps that should be taken.
- Risk Management:
  - Overseeing and bolstering the Company's risk management framework.
  - Identifying and monitoring the key risks looming over the Company, assessing the management of such risks, and aligning risk management activities with the Company's general objectives and policies.
  - Ensuring to only take acceptable risks, taking into consideration the Company's business objectives, size, workload, ratios, and their short- and long-term perspective.
  - Adopting risk management policies and procedures that define the proper stages for approving decisions, as well as other risk management controls, budgets, and restrictions, and establishing requirements for risk reporting at the administrative level.
  - Periodically reviewing key risk assessment activities.
  - Reviewing the Company's business continuity plan.
- Reporting Responsibilities:
  - Drafting a report concerning the adequacy of the Company's internal oversight control systems, and submit reports relating to other duties that fall within its purview. The Board of Directors shall ensure that a sufficient number of copies of said report be made available at the Company's head office at least twenty one (21) days prior to the General Assembly meeting date, in order to provide desirous shareholders with a copy thereof. Said report shall be read during the Assembly meeting.
  - The Audit Committee shall submit summary reports to the Board of Directors after each meeting.
  - The Director of the Internal Audit Department shall prepare an annual report to be submitted to the Board of Directors along with the Audit Committee's observation.

The Audit Committee shall study the matters that fall within its purview or are referred to it by the Board of Directors. The Committee shall recommend the Board to take a decision thereon, or to take, by itself, decisions in case the Board delegated it to do so. Nevertheless, the Company's Board of Directors shall bear the final responsibility for such decisions.

The Audit Committee shall consist of at least three (3) and at most five (5) non-executive Board members to be appointed by the Ordinary General Assembly for a period of three (3) years, provided that the Committee shall include at least one (1) independent member and a competent member in financial and accounting affairs.

Subject to the requirements to be met by members of the Audit Committee, the Committee shall be formed pursuant to a resolution passed by the Ordinary General Assembly for a period of three years. The Board shall take the necessary measures to enable the Committee to carry out its functions, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Committee deems necessary.

The following members were appointed to the Audit Committee during the meeting of the Ordinary General Assembly held on 06/07/1443H (corresponding to 07/02/2022G).

Table (5-4): Members of the Audit Committee

Number	Name	Position
1	Abdulatif Bin Ali Al-Seif	Chairman of the Committee
2	Wael Kamal Eid	Member
3	Abu Bakr Ali Ba Jaber	Member

Source: The Company.

The following is a brief overview of the members of the Audit Committee:

5.2.2.1 Abdulatif bin Ali Al-Seif

Please refer to Section 5.1.4.7 for more details about Ali bin Abdulatif Al-Seif's experiences as well as current and previous positions.

5.2.2.2 Wael Kamal Eid

Age:	44 years
Nationality:	British
Current Position:	Member of the Audit Committee
Appointment Date:	03/11/2021G
Academic Qualifications:	• Bachelor's Degree in Finance and Banking from the American University in Cairo, 2000G. • Master's Degree, with honors, in Business Administration from Warwick Business School, UK, 2005G. • PhD in Risk Management from Durham University, UK, 2011G.
Current Executive Positions:	• Since 2011G, CEO of Risk and Governance at Saudi Economic and Development Holding Company (SEDCO).
Other Current Memberships:	• Since 2017G, Head of the Risk Committee at Saudi Economic and Development Holding Company (SEDCO). • Since 2018G, Member of the Audit Committee at Auto World Rent A Car, a limited liability company engaging in the car operational leasing sector. • Since 2020G, Member of the Audit Committee at Majid Al Futtaim Charity Foundation, a charitable organization engaging in the community development sector.
Previous Executive Positions:	• From 2006G to 2011G, Deputy Director of Risk Management at European Islamic Investment Bank Plc (EIIB), a bank established in the country and engaging in the investment banking sector. • From 2005G to 2006G, Director of Strategic Projects at European Islamic Investment Bank Plc (EIIB), a bank established in the country and engaging in the investment banking sector. • From 2001G to 2004G, Senior Credit Officer at Commercial International Bank (CIB), the largest investment bank in Egypt engaging in the banking sector. • From 2000G to 2001G, Financial Analyst at Unilever, a working in Egypt and engaging in the consumer goods sector.
Previous Memberships:	• From 2017G to 2020G, Board Member and Member of the Audit Committee at Bonnon Coffee, a limited liability company engaging in the coffee shop chain sector. • From 2014G to 2017G, Board Member at Tazweed, a limited liability company engaging in the management and operation sector.

5.2.2.3 Abu Bakr Ali Ba Jaber

Age:	71 years
Nationality:	Saudi
Current Position:	Member of the Audit Committee
Appointment Date:	03/11/2021G
Academic Qualifications:	• Bachelor's Degree in Accounting from the University of Khartoum, Sudan, 1972G. • Master's Degree in Accounting from the University of Birmingham, UK, 1976G. • PhD in Financial Management and Accounting from the University of Strathclyde, UK, 1984G.
Current Executive Positions:	N/A
Other Current Memberships:	• Since 2013G, Member of the Independent Audit Committee at Cisco. • Since 2013G, Member of the Independent Audit Committee at Nahdi Medical Co. • Since 2013G, Member of the Independent Audit Committee at Abdulatif Jameel Real Estate Finance. • Since 2015G, Member of the independent Audit Committee at SABB Takaful Company.
Previous Executive Positions:	• From 1997G to 2012G, Regional Director at the National Bank of Saudi Arabia.

Previous Memberships:	• From 2013G to 2018G, Member of the Independent Audit Committee at AMS Baeshen & Co. • From 2013G to 2018G, Member of the Independent Audit Committee at Rolaco Trading and Contracting. • From 2007G to 2012G, Member of the Audit Committee at NCB Capital Company, nominated by the company. • From 2013G to 2019G, Independent Board Member, Chairman of the Board of Directors and Member of the Audit Committee at Anfaal Capital. • From 2019G to 2021G, Member of the Independent Audit Committee at the Islamic Corporation for the Development of the Private Sector (ICD) (within the framework of the Islamic Development Bank).

5.3 Digital Transformation and Cyber Security Committee

The Digital Transformation and Cyber Security Committee shall assist the Board in achieving the Company's digital transformation. The Committee main responsibility is to advise the Board of Directors as the Company continues to effectively adapt itself and grow in the face of the digital era.

The Digital Transformation and Cyber Security Committee shall report to the Board of Directors and shall represent the Board in t reviewing the comprehensive digital transformation strategy and recommending the update thereof, while taking into account the Company's strategic direction.

The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

1- Discussing the Company's comprehensive digital and innovation strategy with the Executive Management, including strategic objectives and initiatives, investments, and R&D activities, and making recommendations to the Board of Directors, as necessary.
2- Periodically reviewing and evaluating the performance of the Company's initiatives to support its digital strategy and innovation, with a focus on improving the operations of omni-health initiatives, including the provision of new products and services, as well as consumers' acceptance and integration thereof.
3- Reviewing and discussing any material digital risks and key opportunities that may be encountered by the Company, and the emerging issues and trends in the broader market.

The Digital Transformation Committee shall consist of two (2) members to be appointed by the Board for a period of three (3) years. The Board shall take the necessary measures to enable the Committee to carry out its functions, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Committee deems necessary.

The following members were appointed to the Digital Transformation Committee pursuant to a Board Resolution dated 22/03/1443H (corresponding to 28/10/2021G).

Table (5-5): Members of the Digital Transformation and Cyber Security Committee

Number	Name	Position
1	Romain Voog	Chairman of the Committee
2	Junaid Sam Bajwa	Member

The following is a brief overview of the Members of Digital Transformation and Cyber Security Committee:

5.3.2.1 Romain Voog

Please refer to Section 5.1.4.4 for more details about Romain Voog's experiences as well as current and previous positions.

5.3.2.2 Junaid Sam Bajwa

Please refer to Section 5.1.4.6 for more details about Junaid Sam Bajwa's experiences as well as current and previous positions.

5.4 Senior Management

5.4.1 An overview of the Senior Management

The Company's Senior Management is comprised of qualified Saudi and non-Saudi members with significant local and international expertise in the pharmaceutical sector. The primary responsibility of the Chief Executive Officer is to manage the Company's business and supervise its performance in line with the objectives and guidance of the Board of Directors and shareholders.

The Senior Management team currently consists of nine (9) members, as set out in the table below:

Table (5-6): Senior Management Details

Name	Position	Appointment Date to the Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership Ratios	
							Pre-Offering	Post-Offering
Yasser Joharji	Chief Executive Officer	01/09/2014G	Saudi	51	-	-	-	-
Zuhair Aytah	Chief Network Development Officer	04/03/2006G	Saudi	50	-	-	-	-
Mohammed Al-Khubani	Chief Financial Officer	01/04/2013G	Saudi	47	-	-	-	-
Hani Ismail	Chief Marketing and Strategy Officer	01/08/2019G	Saudi	49	-	-	-	-
Raed Monagel	Chief Supply Chain Officer	16/12/2013G	Saudi	44	-	-	-	-
Samer Bokharee	Chief Human Resources Officer	01/07/2018G	Saudi	43	-	-	-	-
Hossam Khattab	Chief Operating Officer	01/02/2016G	Egyptian	40	-	-	-	-
Khalid Tadlaoui	Chief Information Technology Officer	01/01/2011G	Moroccan	55	-	-	-	-
Karim Dimitri	VP Commercial	12/08/2018G	Lebanese	51	-	-	-	-

Source: The Company.

5.4.2 Biographies of Senior Executives

The following is a brief overview of the experiences, academic qualifications, as well as current and previous positions of each Member of Senior Management:

5.4.2.1 Yasser Joharji

Please refer to Section 5.1.4.5 for more details about Yasser Joharji's current and previous experiences and positions.

5.4.2.2 Zuhair Aytah

Age:	50 years
Nationality:	Saudi
Current Position:	Chief Network Development Officer
Appointment Date:	04/03/2006G
Academic Qualifications:	Bachelor's Degree in Sciences from King Abdulaziz University in Jeddah, KSA, 1997G.
Current Executive Positions:	Since 2016G, CEO of Network and Medical Equipment Development at Nahdi Medical Co.
Previous Executive Positions:	• From 2014G to 2016G, Vice President of Network Development at Nahdi Medical Co. • From 2009G to 2011G, Director Network Development, Support Service & Procurement at Nahdi Medical Co. • From 2006G to 2009G, Location Manager at Nahdi Medical Co. • From 2001G to 2006G, General Manager Retail at Abdulatif Jameel Electronics & Air Conditioning Co. Ltd, a limited liability company operating in the electronics retail sector.

5.4.2.3 Mohammed Al-Khubani

Age:	48 years
Nationality:	Saudi
Current Position:	Chief Financial Officer
Appointment Date:	01/04/2013G
Academic Qualifications:	• Bachelor's Degree from King Fahd University of Petroleum and Minerals, KSA, 1995G. • Certificate in Financial Management from Heriot-Watt University, UK, 2001G. • Accounting Fellowship as a Certified Management Accountant (CMA) from Institute of Management Accountants, 2013G.
Current Executive Positions:	Since 2016G, Chief Financial Officer of the Company.
Previous Executive Positions:	• From 2016G to 2020G, Board Member at Khuta Al Khair for Commercial Services Company Limited, a limited liability company operating in the charitable and social services sector. • From 2015G to 2016G, Deputy Finance Director of Nahdi Medical Co. • From 2013G to 2015G, Senior Director of Planning and Financial Analysis Department at Nahdi Medical Co. • From 2007G to 2012G, Regional Financial Director - Arabian Peninsula & Pakistan - for Financial Planning and Analysis at Procter & Gamble (Jeddah - Dubai), a company operating in the consumer goods industry sector. • From 2005G to 2006G, Director of Strategic Planning for the Pharmaceutical Industry for Western European Countries at Procter & Gamble (Geneva), a company operating in the consumer goods industry sector. • From 2001G to 2004G, Finance Director of the Paper Factory at Procter & Gamble Company (Jeddah), a company operating in the consumer goods industry sector. • From 1995G to 2000G, Financial Analyst at the Financial Planning Department at Procter & Gamble (Jeddah) , a company operating in the consumer goods industry sector.

5.4.2.4 Hani Ismail

Age:	49 years
Nationality:	Saudi
Current Position:	Chief Marketing and Strategy Officer
Appointment Date:	01/08/2019G
Academic Qualifications:	• Bachelor's Degree in Electrical Engineering from King Abdulaziz University, KSA, 1994G.
Current Executive Positions:	Since 2019G, Chief Marketing and Strategy Officer of the Company.
Previous Executive Positions:	• From 2015G to 2019G, Saudi Arabia Country Manager at Proctor & Gamble, a company operating in the consumer goods industry sector. • From 2012G to 2015G, Regional Director at Proctor & Gamble - Arabian Peninsula & Pakistan, a company operating in the consumer goods industry sector. • From 2008G to 2012G, Regional Director of Aesthetic Care Department at Proctor & Gamble - Arabian Peninsula & Pakistan, a company operating in the consumer goods industry sector. • From 2002G to 2008G, Director of the Health Care Department at Proctor & Gamble / Director of Pringles Brand, a company operating in the consumer goods industry sector. • From 1995G to 2002G, Operations Department Director / Projects Department Director at Proctor & Gamble Company - Germany, a company operating in the consumer goods industry sector.

5.4.2.5 Raed Monagel

Age:	44 years
Nationality:	Saudi
Current Position:	Chief Supply Chain and Business Support Officer
Appointment Date:	16/12/2013G

Academic Qualifications:	Bachelor's Degree in Industrial Engineering from King Abdulaziz University, KSA, 1999G.
Current Executive Positions:	Since 2013G, VP of Supply Chain and Business Support Sector.
Previous Executive Positions:	• From 2010G to 2013G, Executive Vice President of Supply Chain at Panda Retail Company, a company operating in the retail sector. • From 2007G to 2010G, Executive Director General of Supply Chain at Panda Retail Company, a company operating in the retail sector. • From 2006G to 2007G, General Manager of the Franchise Sector at Savola, a Saudi joint stock company operating in the food industries sector. • From 2006G to 2005G, Deputy Executive General Manager of Supply Chain at Panda Retail Company, a company operating in the retail sector. • From 2000G to 2006G, Inventory Manager at Panda Retail Company, a company operating in the retail sector. • From 1999G to 2000G, Director of Production and Warehouses at the Paper Cup Factory in Savola - the packaging sector, a Saudi joint stock company operating in the food industries sector.

5.4.2.6 Samer Bokharee

Age:	43 years
Nationality:	Saudi
Current Position:	Chief Human Resources Officer
Appointment Date:	01/07/2018G
Academic Qualifications:	• Bachelor's Degree in Management Information Systems and Decision Sciences from the Faculty of Management from George Mason University, USA, 2001G. • Master's Degree in Information Systems from George Mason University, USA, 2003G.
Current Executive Positions:	Since 2018G, Chief Human Resources Officer of the Company.
Previous Executive Positions:	• From 2017G to 2018G, Human Resources Sub-regional Director (Saudi Arabia, Egypt, and the Levant Countries) at Pfizer, a company operating in the pharmaceutical industry and production sector. • From 2013G to 2016G, Human Resources Director at Pfizer Saudi Arabia, a company operating in the pharmaceutical industry and production sector. • From 2012G to 2013G, Vice President and Head of Human Resources Strategy at National Commercial Bank (NCB), a joint stock company established in Jeddah operating in the banking sector. • From 2009G to 2011G, Assistant Vice President and Head of Talent Management at National Commercial Bank (NCB), a joint stock company established in Jeddah operating in the banking sector. • From 2007G to 2008G, Vice President and Head of People Development at National Commercial Bank (NCB), a joint stock company established in Jeddah operating in the banking sector. • From 2004G to 2006G, Human Resources Manager at Unilever, a company operating in the consumer goods retail sector.

5.4.2.7 Hossam Khattab

Age:	40 years
Nationality:	Egyptian
Current Position:	Chief Operating Officer
Appointment Date:	01/02/2016G
Academic Qualifications:	• Master's Degree in Executive Management from Arab Academy for Science and Technology, 2005G. • Bachelor's Degree in Pharmacy from Alexandria University, Egypt, 2003G. • Bachelor of Business Administration - Specialization: Financial Analysis from the Arab Academy for science and technology, 2002G.
Current Executive Positions:	Since 2019G, Chief Operating Officer of the Company's operations sector.

Previous Executive Positions:	• From 2016G to 2018G, Chief Marketing Officer at Nahdi Medical Co. • From 2014G to 2016G, Head of Personal Care Marketing at Unilever Saudi Arabia, a company operating in the consumer goods retail sector. • From 2009G to 2013G, Marketing Head of Hair Care, Oral Health and Home Care at Unilever Saudi Arabia, a company operating in the consumer goods retail sector. • From 2006G to 2008G, Marketing manager of Unilever Mashreq Foods Division, a company operating in the consumer goods retail sector. • From 2003G to 2006G, Marketing manager of the Skin Care Division at Unilever Mashreq, a company operating in the consumer goods retail sector.

5.4.2.8 Khalid Tadlaoui

Age:	55 years
Nationality:	Moroccan
Current Position:	Chief Information Technology Officer
Appointment Date:	01/01/2011G
Academic Qualifications:	• Engineering Degree from the Institut National des Sciences Appliquées, France, 1985G-1989G. • PhD in Computer Science from the Institut National des Sciences Appliquées, France, 1989G.-1993G.
Current Executive Positions:	Since 2019G, Information Technology Vice President.
Previous Executive Positions:	• From 2006G to 2010G, Executive Director of Sevola Company, a limited liability company operating in the healthcare, medical, and communication centers sector. • From 2003G to 2005G, Africa & Levant Site Services Delivery Manager for the P&G Account at Hewlett Packard Enterprise (HPE), a company operating in the consumer goods industry sector. • From 1999G to 2003G, Africa IT Infrastructure Manager at Proctor & Gamble, a public joint-stock company established in USA and engaging in the consumer goods sector. • From 1997G to 1999G, Operations Manager at Procter & Gamble European Technical Center, a company operating in the consumer goods industry sector. • From 1993G to 1997G, EMEA Communications Project Manager at Proctor & Gamble, a company operating in the consumer goods industry sector.

5.4.2.9 Karim Dimitri

Age:	51 years
Nationality:	Lebanese
Current Position:	Chief Commercial Officer
Appointment Date:	12/08/2018G
Academic Qualifications:	• Bachelor's Degree from the Lebanese American University, Lebanon, 1993G. • Master's degree in Business Administration from the American University of Beirut (AUB), Lebanon, 2014G.
Current Executive Positions:	Since 2019G, Vice President of Commercial Department.
Previous Executive Positions:	• From 2018G to present, Vice President of Commercial at Nahdi Medical Co. • From 2007G to 2018G, General Manager for Middle East at Imperial Brands, a public joint-stock company in Britain operating in tobacco products' industry. • From 2007G to 2014G, Director of the Marketing Department in Morocco, Managing Director for Iraq, and General Manager for the Kingdom of Saudi Arabia at British American Tobacco, a British company operating in the sector of tobacco products. • From 2000G to 2007G, Director of Sales and Distribution in Oman, Director of Customer Marketing for the GCC, and Director of Key Accounts Channel at Unilever.

Employment Contracts with Senior Executives

The Company concluded employment contracts with all the senior Management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience, and include a number of benefits such as a monthly transportation allowance, housing allowance, or both. These contracts are renewable and subject to the Saudi Labor Law.

The table below briefly describes the employment contracts in question.

Table (5-7): Summary of Employment Contracts with Senior Management

Serial Number	Name	Position	Appointment Date	Contract Date	Contract Termination Date
1	Yasser Joharji	Chief Executive Officer	01/09/2014G	01/09/2014G	-
2	Zuhair Aytah	Chief Network Development Officer	04/03/2006G	04/03/2006G	-
3	Mohammed Al-Khubani	Chief Financial Officer	01/04/2013G	01/04/2013G	-
4	Hani Ismail	Chief Marketing and Strategy Officer	01/08/2019G	01/08/2019G	-
5	Raed Monagel	Chief Supply Chain and Business Support	16/12/2013G	16/12/2013G	-
6	Samer Bokharee	Chief Human Resources Officer	01/07/2018G	01/07/2018G	-
7	Hossam Khattab	Chief Operating Officer	01/02/2016G	01/02/2016G	30/01/2021G (fixed term: one year)
8	Khalid Tadlaoui	Chief Information Technology Officer	01/01/2011G	01/01/2011G	30/12/2021G (fixed term: one year)
9	Karim Dimitri	Chief Commercial Officer	12/08/2018G	12/08/2018G	11/08/2018G (fixed term: one year)

Source: The Company.

5.5 Remuneration of Board Members and Senior Executives

Subject to the Company's Bylaws, remunerations of the Board of Directors shall be determined in accordance with the official decisions and instructions issued by the Ministry of Commerce in this context, and within the provisions of the Companies Law and any other relevant supplementary laws, as well as the Bylaws of the Company. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions and directions identified by the competent entities in the Kingdom.

Pursuant to the Company's Bylaws, neither the Directors nor the Senior Executives have the authority to vote on their remuneration or indemnities. The remuneration of Senior Executives shall be determined by virtue of each respective employment contract in accordance with the Company's remuneration policy.

Furthermore, neither the Directors nor the Senior Executives have powers to borrow from the Company or vote on a contract or an arrangement in which they have a material interest.

It should be noted that no in-kind benefits have been paid to the Board members and Senior Management. The following table shows the remunerations of the Board of Directors and the top five Senior Executives (including the CEO, the CFO and the Director of Operations) for the financial years ended 31 December 2018G, 2019G and 2020G.

Table (5-8): Remuneration of Board Members and Senior Executives

In SAR	2018G	2019G	2020G
Members of Board of Directors*	25,068,641	27,946,434	34,569,939
Audit Committee	483,000	350,000	350,000
Nomination and Remuneration Committee	326,000	339,000	339,000
Digital Transformation and Cyber Security Committee	-	-	-
Senior Executives (5 employees)	19,757,439	22,692,767	27,126,594

* The indemnities of the members of the Board of Directors were approved in line with the relevant regulations as at 04/10/2021G, the date of conversion into a joint-stock company.

Source: Company information.

5.6 Corporate Governance

5.6.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies Law and corporate governance best practice in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, shareholders and other stakeholders, by establishing rules and procedures to facilitate decision making processes with the objective of protecting the rights of shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency in the Company's conduct on the Exchange and in the business environment.

These regulations, which entail the implementation of a clear and transparent disclosure process, ensure that the Board acts in the best interests of the Shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations.

The Company's policy is to adopt high standards of corporate governance. The Corporate Governance Regulations shall apply to the Company from the date of Listing. The Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing. The Company considers ongoing compliance with these regulations to be an important factor in its continued success.

5.6.2 Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies, and will comply, with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- General shareholder rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- The Board of Directors: formation, responsibilities, competencies, procedures and training (Articles 16 to 41);
- Conflicts of interest (Articles 42 to 49);
- Company committees (Articles 50 to 72); and
- Internal controls, external auditors, company reports and policies, and various other matters (Articles 73 to 98).

5.6.3 Corporate Governance Manual and Internal Policies

On 22/03/1443H (corresponding to 28/10/2021G), the Company's Board of Directors approved the revised Company's corporate governance law and regulations.

The Company's Corporate Governance Manual includes the following internal policies and charters:

- Board of Directors' policies and procedures;
- Board of Directors' conflict of interest policy;
- Board of Directors committee principles and policies;
- Monitoring, assessment, internal and external audit and internal control policies;
- General Assembly policies;
- Dividend distribution policy;
- Disclosure policies;
- Audit Committee charter;
- Nomination and Remuneration Committee charter; and
- Digital Transformation and Cyber Security Committee charter.

5.6.4 Corporate Governance Compliance

The Board of Directors declare that the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing.

In particular, a majority of the Company's Board of Directors, which currently consists of seven (7) Directors, are non-executive members and amongst the Board members are three (3) independent Directors. In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors. This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide their voting rights between his/her selected nominees without any duplication of votes. This method increases the chances of minority shareholders appointing their representatives to the Board by exercising their cumulative voting rights in favor of a single candidate.

Pursuant to Article 101 of the Companies Law and Article 54 of the Corporate Governance Regulations, the Ordinary General Assembly of the Company formed the Audit and Risks Committee, consisting of three (3) non-executive members, on 28/03/1443H (corresponding to 03/11/2021G) and the Board of Directors formed the Nomination and Remuneration Committee on 22/03/1443H (corresponding to 28/10/2021G). The Company has also prepared its Committee charters, which were approved by the Board in its session held on 22/03/1443H (corresponding to 28/10/2021G), and recommended to the General Assembly for ratification. The Ordinary General Assembly ratified the Committee charters during its session held on 28/03/1443H (corresponding to 03/11/2021G). On 27/06/1443H (corresponding to 30/01/2021G), the Board of Directors decided to turn the Audit and Risk Committee into the Audit Committee. Accordingly, the Committee's charter and corporate governance rules were also amended to reflect the amendments made to the Audit Committee's charter. On 06/07/1443H (corresponding to 07/02/2022G), the Company's general assembly approved the Audit Committee's amended charter and corporate governance rules, and voted on the composition thereof.

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (Articles 71, 72 and 73 of the Companies Law and Articles 44 and 46 of the Corporate Governance Regulations). The Company has obtained the approval of the General Assembly for transactions with Related Parties, as set out in Section 12.8 ("**Transactions and Contracts with Related Parties**").

Pursuant to the Corporate Governance Regulations, each board member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the company's account, if he/she has a direct or indirect interest in those transactions or contracts (Article 44(b)(1)). The Companies Law sets out similar requirements to the effect that a director, without prior consent from the ordinary general assembly may not have any direct or indirect interest in transactions or contracts made for the account of the company. The director also has an obligation to inform the board of directors of any personal interest he may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the board of directors or shareholder assemblies. The Chairman of the Board of directors must inform the general assembly of any transactions and contracts in which any director has a direct or indirect personal interest and accompany that with a special report from the company's external auditor (Article 71)(1).

The Corporate Governance Regulations also provide that if a member of the Board wishes to engage in a business that may compete with the company or any of its activities, he/she must notify the Board of any project could compete with the Company's business, and abstain from voting on the related decision in the board meeting and general assemblies; the Chairman of the Board must inform the ordinary general assembly of the competing businesses that the member of the board proposes to be engaged in; and the authorization of the company's general assembly must be obtained for the member to engage in the competing business (Article 46). The Companies Law sets out similar requirements (Article 72).

The Company currently complies with the mandatory governance requirements that apply to Saudi public joint stock companies, excluding some provisions mandatory only with respect to listed companies, which the Company is not currently in compliance as the Company's shares are not currently listed on the Exchange, as follows:

- Paragraph (a) of Article 8 providing that upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board.
- Paragraph (c) of Article 8 providing that voting in the General Assembly shall be confined to the Board nominees whose information have been announced as per paragraph (a) of Article 8.
- Paragraph (d) of Article 13 providing that the invitation to the General Assembly shall be published on the Exchange's, the Company's websites and in a daily newspaper published in the area where the Company's head office is located.
- Paragraph (c) of Article 14 providing that the shareholders shall be allowed through the Company's website and the Exchange's website to obtain the information related to the items of the General Assembly's agenda, and to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's Report.
- Paragraph (e) of Article 15 providing that the Company shall announce to the public and inform the Authority and the Exchange of the results of a General Assembly meeting immediately following its conclusion.
- Paragraph (d) of Article 17 providing that the Company shall notify the Authority of the names of the Board members and description of their memberships, as well as any changes that may affect their membership, within 5 working days from such changes.
- Paragraph (b) of Article 19 providing that upon the termination of the membership of a Board member, the Company shall promptly notify the Authority and the Exchange and shall specify the reasons for such termination.
- Article 57 providing that Audit Committee shall convene periodically, provided that at least four meetings are held during the Company's financial year.
- Article 63 providing that the Remuneration Committee shall convene periodically at least once a year, and as may be necessary.
- Article 67 providing that the nomination committee shall convene periodically at least once a year, and as may be necessary.

- Article 68 providing that the Company shall publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

5.7 Conflict of Interest

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any Director or the CEO the power to vote on any contract or proposal in which he has a direct or indirect interest, in accordance with Article 71 of the Companies Law which states that a member of the board of directors should not have any interest whether directly or indirectly, in the transactions or contracts made for the account of the company, except with an authorization from the Ordinary General Assembly.

Pursuant to Article 71 of the Companies Law, a Board member must inform the Board of Directors of any interest he may have in the transactions or contracts made for the account of the Company. The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when it convenes, of the transactions and contracts in which any member has an interest. Such communication shall be accompanied by a special report from the auditor. Such declaration must be recorded in the minutes of the Board meeting, and the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the Directors undertake to comply with the following:

- Complying with the provisions of Articles 71, 72, 73, 74, and 75 of the Companies Law and Articles 44 and 46 of the Corporate Governance Regulations.
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company where the Director has a direct or indirect interest in such contract.
- Avoiding participating in any business that competes with that of the Company, unless such member has authorization from the Ordinary General Assembly.
- All Related Party transactions will be made on an arm's length basis in accordance with the terms of the Corporate Governance Regulations.

The Board of Directors declare that there is no conflict of interest for their members, or Senior Executives or Current Shareholders have a conflict of interest in relation to the agreements or arrangements entered into with the Company. Furthermore, the Board members declare that they have not engaged in any similar or competing activities to those of the Company.

As of the date of this Prospectus, no arrangements are in place through which the Board of Directors, Senior Executives, Current Shareholders or any of their Relatives hold or may hold direct or indirect interests, in addition, none of the arrangements in place are based on inappropriate commercial terms.

Additionally, as of the date of this Prospectus, the Board of Directors are not engaging in any similar or competing activities to the Company's.

6- MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIALS

6.1 Introduction

The Management's Discussion and Analysis of Al Nahdi Medical Company and its subsidiaries (the "**Group**") provides an analytical review of the Group's operational performance and financial position during the years ended 31 December 2018G, 2019G, 2020G and the six-month periods ended 30 June 2020G and 2021G. This section and the accompanying notes have been prepared on the basis of the audited consolidated financial statements of the financial years 2018G, 2019G and 2020G which have been audited by KPMG, in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and the reviewed interim condensed consolidated financial statements for the six-month period ended 30 June 2021G by Ernst & Young in accordance with the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity that are endorsed in the Kingdom of Saudi Arabia.

The Group has applied the International Financial Reporting Standards ("**IFRS**") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("**SOCPA**") collectively referred to as "**International Financial Reporting Standards approved in the Kingdom of Saudi Arabia**" and in accordance with the Companies Law and the Company's Articles of Association for the preparation of the financial statements for the years ended 31 December 2018G, 2019G and 2020G. In addition to reviewed interim condensed consolidated financial statements for the six-month period ended 30 June 2020G and 2021G which have been prepared in accordance with International Accounting Standard 34, "**Interim Financial Reporting**" ("**IAS 34**") as endorsed in the Kingdom of Saudi Arabia ("**KSA**").

Neither KPMG (a non-partner member of the global network of independent KPMG Professional Consulting firms affiliated with KPMG International), nor their subsidiaries or employees (who form part of the team serving the Group), nor any of their employees' relatives own any shares or stock of any kind in the Company that would impair their independence as on the date of issuing the consolidated financial statements report. As of the date of this Prospectus, KPMG (a non-partner member of the global network of independent KPMG Professional Services firms affiliated with KPMG International) have given and not withdrawn their written consent to the reference in this Prospectus to their role as auditors of the Group for the financial years ended 31 December 2018G, 2019G and 2020G.

Neither Ernst & Young, nor their subsidiaries or employees (who form part of the team serving the company), nor any of their employees' relatives own any shares or stock of any kind in the Company that would impair their independence as the date of this Prospectus. Ernst & Young have given and not withdrawn their written consent to the reference in this Prospectus to publish their names, addresses, logos and statements attributed to each of them in the context in which they appear in this prospectus.

The above-mentioned financial statements are an integral part of this Prospectus and it should be read in conjunction with these financial statements and their supplementary notes, and these financial statements are contained in Section XX ("**Financial Statements and Auditor's Reports**") of this Prospectus.

The figures in this Section have been rounded to the nearest thousand riyals unless otherwise stated, and all numbers and percentages are rounded to the nearest decimal point. Therefore, if summed, the numbers may differ to those which are stated in the tables. Annual percentages, margins, expenses and CAGRs are based on the rounded figures.

The financial information for the financial year ending on 31 December 2018G was used from the comparative financial information presented in the audited consolidated financial statements of the Group for the financial years ending on 31 December 2019G. The financial information for the financial years ending on 31 December 2019G and 2020G was used from the audited consolidated financial statements of the Group for the financial years ending on 31 December 2020G. The financial information for the six-month period ending on 30 June 2020G and 2021G was used from the unaudited condensed consolidated interim financial statements for the six month period ended on 30 June 2021G.

This Section might include forward-looking statements related to the Group's future capabilities, based on the Management's plans and prospects as to its growth, results of operations and financial condition that could involve prospective risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of numerous factors, risks and future events, including those discussed in this Section of the Prospectus or elsewhere thereof, particularly Section 2 "**Risk Factors**".

6.2 Directors' Declarations on the Financial Statements

1- The Board of Directors declare that the financial information contained in this Prospectus is derived without material changes from the audited consolidated financial statements for the years ended 2018G, 2019G and 2020G prepared by the Company in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other issuances Approved by the Saudi Organization for Auditors and Accountants which was audited by the Company's auditor, KPMG and the reviewed interim condensed consolidated financial statements for the six-month period ended 30 June 2021G and the accompanying notes prepared by the Company in accordance with the International Accounting Standard IAS 34 (Initial Financial Report) approved in the Kingdom of Saudi Arabia and reviewed by Ernst & Young.

2- The Board of Directors also declare that the Company, individually or jointly with its subsidiary, has sufficient working capital for 12 months from the date of this Prospectus.

3- The Board of Directors declare that there has been no material adverse change in the financial or trading position of the Company or its Subsidiary during the three years immediately preceding the year the application for admission and offering of the securities subject to this Prospectus was submitted, or during the period covered by the chartered accountant's report until the approval of this Prospectus, except for what is mentioned in this section or any other section of this Prospectus, in particular the factors mentioned in section 2 "**Risk Factors**" of this Prospectus.

4- The Board of Directors declare that all material facts regarding the Company and its financial performance have been disclosed in this Prospectus, and that there are no other facts the omission of which would make any statement herein misleading.

5- The Board of Directors declare that the Company does not have any properties, including contractual securities or other assets the value whereof is subject to fluctuations or is difficult to ascertain, which materially affects the assessment of the financial position.

6- The Board of Directors declare that the Company and its subsidiary did not provide any commissions, discounts, brokerages or other non-cash compensation in connection with the issuance or offering of any securities within the three years immediately preceding the date the application for admission and offering of the securities subject to this Prospectus was submitted.

7- The Board of Directors declare that the Company does not have any loans or any other liabilities including overdraft balance and declare that there are no guarantee liability (either covered by personal guarantee or non-personal guarantee), liabilities under acceptances, credits or any hire purchase commitments except what has been disclosed in Section 9-12 "**Financing Agreements**", Section 2 "**Factors Risk**" and Section 6 "**Management Discussion and Analysis of Financial Position and Operating Results**" of this Prospectus.

8- The Board of Directors declare that the Company has no intention of making any fundamental change in the nature of its activity.

9- The Board of Directors declare that the Company's operations have not been discontinued in such a way as to affect or have significantly affected the financial position in the last 12 months.

10- The Board of Directors confirm that the Company's capital is not under option.

11- The Board of Directors declare that the Company has presented comprehensive details in this Section of any potential liabilities and has calculated and recorded a provision for such as stated in this discussion. For more information, please refer to Section 6-5-35 ("**Capital Liabilities and Contingent Obligations**") of this Prospectus.

12- The Board of Directors declare that the properties of the Company and its subsidiary are not subject to any mortgages, rights or encumbrances as of the date of this Prospectus.

13- The Board of Directors declare that the Company has presented comprehensive details in this Section of all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.

14- The Board of Directors declare that the Company has not issued, existing or approved but unissued debt instruments, term loans or secured or unsecured mortgages, except as disclosed in Section 12-9 ("**Financing Agreements**").

15- Other than what is mentioned in this prospectus, neither the Board of Directors nor any of their relatives have shares or interest of any kind in the issuer or any of its subsidiaries, if any.

6.3 Company Overview

Al Nahdi Medical Company is a Saudi Limited Liability Company (LLC) formed under Regulations for Companies in the Kingdom of Saudi Arabia ('KSA') under Commercial Registration No. 4030053868 dated 11 Shawwal, 1406H (18 June 1986G) and ministerial decision No. 582 issued on 29 Safar, 1443H (06 October 2021G) which approved the conversion of the Company to a Joint Stock Company. The Company is operating in accordance with the Ministry of Health License No. 26-101-31-67-3 dated 22 Dhu-Hijja, 1424H (28 December 2003G). The principal activity of the Company is the wholesale and retail trading of cosmetics, pharmaceutical products and medical equipment. In addition, the Group also manages and operates external parties' pharmacies through its other branches and through other agents. The Group operates in the Kingdom of Saudi Arabia and the United Arab Emirates, and its head office address is: Al Nahdi Medical Company, P.O. No. 17129, Jeddah 21484, Kingdom of Saudi Arabia.

6.4 The main factors that affect the business and performance of the Group

6.4.1 Economic and political factors

Most of the Group's operations are concentrated within the Kingdom of Saudi Arabia. Therefore, the financial performance of the Company depends on the economic and political conditions prevailing in the Kingdom, along with the economic and political conditions in the countries from which the Group imports pharmaceutical and non-pharmaceutical products. Economic fluctuations in the Kingdom may particularly affect the levels of spending by the guests as well as the volume/size of the purchasing baskets. The Group's success is subject to general risks associated with the retail, pharmacy, and healthcare services sectors. Which is subject to rapid and sometimes unexpected changes in consumer behaviours, affected by general economic conditions, impacting the overall financial performance of the Company.

6.4.2 Market factors

Market factors represent the exposure of the fair value or future cash flows of financial instruments to market price fluctuations. Market risk includes three types of risk:

- Interest rate risk on cash flows
- Currency risk
- Equity price risks.

6.4.2.1 Interest rate on cash flows

Interest rate risk on cash flows is the exposure to multiple risks related to the effect of changes in the prevailing market commission rates on the Group's consolidated financial position and cash flows. Management monitors changes in interest rates and believes that the interest rate risk on the cash flows to which the Group is exposed is not significant.

Currently, the Group does not have any outstanding loans.

6.4.2.2 Currency

Currency risk is related to the fluctuation of exchange rates for financial instrument denominated in a foreign currency in case the Group does not hedge its exposure through hedging instruments.

The Group's transactions are mainly in Saudi Riyals. Other transactions in foreign currency are not material and accordingly, the Group is not exposed to any currency risk.

6.4.2.3 Equity price

Equity risk is related to the fluctuation of equity values as a result of changes in equity prices. The Group is not exposed to equity price risk as the Group does not hold investments in securities.

6.4.3 Credit factors

Credit risk is the risk that one party of a financial instrument, fails to meet its obligations, causing financial losses to the other party. The group's main financial assets that are exposed to credit risk are bank balances, investment at amortized cost and trade and other receivables. Credit risk arises from the possibility of a decline in the value of assets due to the inability of counterparties to meet their obligations in transactions involving financial instruments. Concentration of credit risk indicates the relative sensitivity of the group's performance to developments affecting a particular segment of customers.

6.4.4 Organizational factors

The Group's business is subject regulations of several governmental agencies, mainly the Ministry of Health and the Food and Drug Authority, as the responsible authorities for regulating activities related to licensing pharmacies and warehouses, regulating the manufacture, storage and pricing of medicines, medical devices, food and cosmetics. Their control and supervision is all over the Kingdom, whether the products are imported or manufactured locally. Changes in the regulatory policies related to the pharmaceutical sector may negatively and directly affect the results of the Group's operations, such as changes in the pricing and health standards of products, which may negatively affect revenues, in addition to changes related to requirements and standards for licensing pharmacies, warehouses and product storage, which may lead to an increase in overhead costs reducing profit margins.

6.4.5 Seasonal factors

The Company's revenue exhibits seasonality on a regional basis mainly within the pharmacies in Makkah and Madinah, during the Hajj and Ramadan periods due to an increase in demand. It is also noted that the number of guests and sales in pharmacies peaks during major events and public holidays (especially during the periods preceding Eid Al Fitr, Eid Al Adha, National holiday and others). Therefor seasonality is considered a factor that can affect the company's business and its financial performance.

6.4.6 The Group's dependence on the main suppliers

The Group's business is dependent on the sale of pharmaceutical and non-pharmaceutical products that are purchased through more than 600 merchant accounts represented by more than 200 suppliers. The Group may not be able to meet its guests' requests for brands or products, if any of the major suppliers' business accounts terminate or reduce a significant part of its business volume with the Group in the future, due to lack of product, unwillingness to do business, change of strategy, or if the products provided by major suppliers do not meet the company's quality standards. This will adversely affect the Group''s business operations, financial performance along with its prospects.

6.4.7 Numbers and locations of pharmacies

The Group's performance depends, to a large extent, on the location of its pharmacies and clinics. Therefore, when choosing the location of any new pharmacy or clinic, the Management takes into account many factors, including population density, potential population growth, traffic, ease of access for guests and other factors. It is worth noting that theGroup's operations and growth opportunities may be negatively affected if faced with difficulties securing appropriate locations in line with its strategy.

6.5 Basis of preparation and summary of significant accounting policies

6.5.1 Basis of preparation

1- Group structure

The consolidated financial statements include the financial statements of the Company and its subsidiaries as follows:

Subsidiary Name	Country of incorporation	Principal business	Shareholding %
Al Nahdi Care	Kingdom of Saudi Arabia	Clinics	100%
Nahdi Investment Company	United Arab Emirates	Holding Company	100%
Sakhaa Golden Company	Kingdom of Saudi Arabia	Labour Services	100%

On 27 March 2019G, the Company established Nahdi Investment Company in accordance with the By-Laws of the subsidiary Company and the Company owns 100% of the shares in the subsidiary, including the main activities of the subsidiary of investing and owning of health and commercial projects. The Company started its activities during the year 2019G with a capital of 100 thousand UAE Dirhams. On 1 October 2020G, the Group acquired Sakhaa Golden Company. The main activities of the subsidiary include providing employment services to companies. According to the amended Articles of Association, the company owns 100% ownership interest of the subsidiary company, as on 31 December 2020G. Nahdi Investment Company also owns the following companies:

Subsidiary Name	Country of incorporation	Principal business	Shareholding %
Nahdi Drug Store	United Arab Emirates	Drug Store	99%
Al Nahdi Pharmacy	United Arab Emirates	Pharmacy	99%

2- Basis of preparation

Statement of compliance

The audited consolidated financial statements ("**financial statements**") of the Group have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

At the beginning of the financial year 2020G, the Corona pandemic (Covid 19) swept the world, causing disturbances in the economic and commercial sectors in general, and the Company's Management has proactively assessed its impacts on its operations and has taken a series of preventive measures to ensure the health and safety of its employees and workers. Despite these challenges, the Company's business and operations are currently still largely unaffected. The primary demand from customers for the Company's products has not been affected to a large extent.t Based on these factors, the Company's Management believes that the Covid-19 pandemic did not have a material impact on the financial results that were reported for the year ending 31 December 2020G. The Company continues to closely monitor the development of the pandemic even though the Management at this time is not aware of any expected factors that may change the impact of the pandemic on the Company's operations during or after 2020G. The Company's Management has made an assessment of its ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Company's Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Company continues to prepare the financial statements on the going concern basis. The Company's management is currently monitoring the situation and the extent of its impact on the Company's operations, cash flows and financial position. The Company's Management believes, based on its assessment, that the Company has sufficient liquidity available to continue fulfilling its financial obligations in the foreseeable future as and when they fall due.

Basis of measurement

The consolidated financial statements have been prepared using the accrual basis of accounting and the going concern concept and under the historical cost basis except employees' benefits which are measured at the present value of future obligations using the Projected Unit Credit Method.

Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals ("**SAR**") which is the Group's entities functional and presentation currency.

Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. Judgements, estimates and their underlining assumptions are reviewed on an ongoing basis. It depends on historical experience and other factors. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which the estimate is revised and any future period affected.

Information about significant estimates and uncertainties and significant judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

1- **Measurement of defined benefit obligations**

The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions. Key assumptions are disclosed in Note (15).

2- **Impairment of non-financial assets**

The Group reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

Non-financial assets and that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of profit or loss and other comprehensive income.

3- **Determine the transaction price**

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses and estimates the impact of any variable consideration in the contract, this includes discounts and rejections of claims. In determining transaction price the Group assesses whether the transaction price is constrained because of high susceptibility of the amount of transaction on factors which are outside the entity's control and uncertainty about the amount of consideration.

4- **Impairment of trade and other receivables**

The Group follows an expected credit loss ("**ECL**") model for the impairment of trade receivables, this requires the Group to take into consideration certain estimates for forward looking factors while calculating the probability of default.

5- **Going concern**

The Division's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may impact the Group's ability to continue as a going concern. Therefore, the consolidated financial statements were prepared on going concern basis.

6- **Useful life and residual value of property and equipment and intangible assets**

The Company's Management determines the estimated useful lives of property and equipment and intangible assets for calculating depreciation. This estimate is determined after considering expected usage physical wear and tear. Management reviews the residual value, depreciation method and useful lives annually and future depreciation charges are adjusted prospectively where Management believes these differ from previous estimates.

7- **Provision for obsolete inventory**

Management estimates the impairment to reduce the inventory to its net realizable value if the cost of the inventory is not recoverable or the inventory is damaged or become an obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than the carrying amount. Management valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimates take into account fluctuations in prices or costs directly attributable to events occurring after the date of the financial statements to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

8- **Trade discount / suppliers rebates**

The Group is entitled to trade discounts and rebates based on arrangements with the suppliers. This includes fixed and volume discounts based on purchases made from the suppliers. These discounts are estimated and accrued when the right to receive the discount is arise based on the terms and conditions of the contract or historical trends. The amount of trade discount is allocated between cost of sales and inventory based on the proportion of actual quantity sold and inventory held at the year-end.

9- **Fair value measurement**

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

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

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

10- **Current and non-current classification**

The Group presents assets and liabilities in the consolidated statement of financial position based on current or non-current classification.

Assets:

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 assets.

Liabilities:

A liability is current when it is:

- It is expected to be settled in the normal operating cycle;
- 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

All other liabilities are classified as non-current.

6.5.2 Summary of key accounting policies

The following accounting policies have been consistently applied to all periods presented in these consolidated financial statements

Basis of consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries (referred to in Note 1). The financial statements of the subsidiaries are prepared for the same reporting year as that of the Group, using consistent accounting policies consistent with the Group's financial policies.

Subsidiary

Subsidiaries are entities controlled by the Group. 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 these entities. The subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Non-controlling interests

NCI are measured at their proportionate share of the identifiable net assets at the date of acquisition.

Change in the Group's interest in a subsidiary that do not result in a loss of control is accounted for as equity transactions.

The Group does not add its indirect share in the subsidiaries that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are taken into account.

Loss of control

When the Group loses control of subsidiaries, the assets, liabilities, non-controlling interests and other components of equity are eliminated and any gains or losses are recognized in the statement of profit or loss and any shares held are recognized at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

1- Property and Equipment

Recognition and Measurement

Items of property and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses.

Cost of a self-constructed item of property and equipment comprises the cost of materials and direct labor and any other costs directly attributable to bringing the item to working condition for its intended use.

Cost of an acquired item of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of bringing the item to working condition for its intended use.

If a significant part of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Capital work-in-progress represents all costs relating directly to on-going construction projects and are capitalized as a separate component of property and equipment. On completion, the cost of construction is transferred to the appropriate category. Capital work-in-progress is not depreciated.

Subsequent expenditure

Subsequent expenditure is capitalized when it is probable that future economic benefits deriving from the cost incurred will flow to the Group and the cost of the item can be measured reliably.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

Derecognition

Property and equipment are derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses from disposal of an item of property and equipment are determined based on the deference between net proceeds from selling and book value of disposed items of property, plant and equipment and they are carried on in the statement of profit or loss at the same period at which the disposal takes place.

Depreciation

Depreciation is an organized distribution of depreciable value of property and equipment items (asset's cost less asset's residual value) along the asset's useful life.

Depreciation cost is charged to statement of profit or loss on a straight-line basis over the estimated useful lives of the individual items of property and equipment. Leased assets are depreciated on the lower of lease period or the useful lives of assets. Unless there is a reasonable certainty that the asset's ownership will be transferred to the Group by the end of the lease term. Freehold lands held by the Group are not depreciated.

Property, plant and equipment items are accounted separately when their useful lives are different.

The estimated useful lives for the current and comparative periods are as follows:

Asset classification	Years
Buildings	10-25
Furniture, fixture, office equipment & tools	4
Motor vehicles	4
Computer	4
Machinery and equipment	4
Decorations	4-8

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

2- Investment in real estate

Land and other real estate properties that are held directly to earn rentals (income generating property) and/or for capital appreciation (property held for capital appreciation) are classified as investment property and are initially recognized at acquisition cost. Impairment loss is recognized and assessed as per requirements mentioned in (2.4.2) above.

Gains or losses arising from the disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in consolidated statement of profit or loss and other comprehensive income.

The Group is following cost model for subsequent measurement of investment property whereby land and real estate investments are subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged on investment property, excluding land, on a straight-line. Rental income is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

3- Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in statement of profit or loss category consistent with the function.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Intangible assets are amortized over the estimated useful life as follows:

Asset classification	Years
Software	4
Acquisitions of pharmacies	4

4- Inventories

Inventories are held at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete and slow-moving inventory.

5- Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in the arrangement.

Company as a lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for financial consideration. In order to assess the transfer of the right of control, the Company evaluates whether the customer has, throughout the period of use, all of the following:

a- The right to obtain nearly all the economic benefits from using the specified asset to a large extent

b- The right to direct control over the use of the specified asset

The Company recognizes the right to use asset on the lease start date (i.e., the date the underlying asset becomes available for use) as well as the lease obligation on the lease's commencement date. Right to use the asset is measured initially at cost, less accumulated depreciation. Impairment losses are adjusted for any re-measurement of the lease liability. The cost of the right to use assets includes the initial amount of the revised lease liability for any lease payments made on or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located in accordance with the terms and conditions of the lease contract, less any lease incentives received. The estimated useful life of the right to use the assets is determined based on the term of the contract.

The lease liability is measured initially at lease's commencement date at the present value of unpaid lease payments on that date. The Company deducts the lease payments using the interest rate implicit in the lease if that rate can be easily determined. If it is not possible to determine that rate easily, then the Company is required to use the additional borrowing rate after the commencement date of the lease agreement, the lessee must measure the lease liabilities through the following:

a- Increase the carrying amount to reflect the interest rate on the lease liabilities;

b- Decrease the carrying amount to reflect rental payments;

c- Re-measure the carrying amount to reflect any revaluation or adjustments to the lease contract or to reflect fixed substantially or modified lease payments that are re-measured when there is a change in future lease payments arising from a change in the index or rate or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Any such re-measurement in the lease liability is settled against the carrying value of the right-of-use asset or charged to the statement of income if carrying value of the related asset is zero.

Short-term leases

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes lease payments related to these leases as expenses on a straight- line basis over the lease term.

Extension options

In the case of leases that provide an option for extension, the Company assesses whether it is reasonably certain to exercise extension options at the commencement of the lease. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

6- Financial instruments

The Group has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments

Financial asset and liability is recognized when the Group represents a part of contractual obligations of the instrument, which is usually at the date of trade. The Group derecognizes financial asset when contractual cash flows of these assets are expired, or when the Group transfers financial asset's contractual cash flows in a transaction in which all risks and rewards of ownership of assets are substantially transferred. Any interests resulted from transferred financial assets that the Group has established or held as consolidated assets or liabilities are recognized.

Derecognition

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i)the consideration received (including any new asset obtained less any new liability assumed) and (ii)any cumulative gain or loss that had been recognized in OCI is recognized in the profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in OCI is not recognized in the profit or loss on derecognition.

A financial liability is derecognized from the consolidated statement of financial position when the Group has discharged its obligation, or the contract is cancelled or expires.

Classification of financial instruments

The Group classified its financial assets into the following measurement categories:

a- Assets to be measured at amortized cost; or

b- Fair value through profit or loss (FVTPL); or

c- FVOCI - investment in equity instruments

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flows.

Financial assets are not reclassified subsequently to initial recognition unless the Group changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

Financial assets are measured at amortized cost if it meets both of the following conditions and are not recognized as financial assets at fair value through profit or loss:

- Kept in business model which aims to keep assets to gain contractual cash flows; and
- The contractual conditions lead to enter into certain dates for cash flows which represent the principal and the interests of the basic pending amount.

Upon the initial measurement of equity instruments, which the Group does not hold for trading purpose, the Group can elect to present any subsequent changes in fair value for these investments in the statement of other comprehensive income. This election is made on an investment by investment basis.

Any other financial assets not classified or measured at amortized cost or fair value through other comprehensive income as above mentioned, are measured at fair value through profit or loss, including derivative financial assets.

Financial assets- subsequent measurement - profits or losses:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

The Group classifies its financial liabilities as measured at amortized cost

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or derivatives is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and profit or loss is recognized in the statement of profit or loss. Any other financial liabilities are subsequently measured at amortized cost using effective interest rate.

Reclassification

When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above-mentioned classification requirements.

Offsetting of financial instruments

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

Impairment of financial assets

IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

Expected credit loss should be measured for financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments investments.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-months ECL. These are ECLs that result from possible default events within the 12 months after the reporting date;
- Lifetime expected credit loss. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Group can assume that credit risks on a financial instrument didn't significantly increase since the initial recognition; if the financial instrument is previously determined as low credit risk instrument at the date of report. However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Group can adopt this policy to trade receivables with a significant finance item.

The Group elected to evaluate trade receivables impairment using 12-month expected credit loss model.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write off is later recovered, it is recognized in profit or loss in the period of recovery.

Accounts receivable

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within the consolidated statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Group without any restrictions. Overdraft is made against cash and cash equivalents.

7- Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. 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. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The losses arising from impairment are recognized in the consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of the statement of profit or loss.

Non-financial assets other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

8- Employees' benefits

The Group is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. Entitlement factors are applied in cases of resignation. The end of service benefit plan is unfunded.

End-of-service benefits

The defined benefit plan is a compensation plan paid to employees after their services are completed and in accordance with the Saudi Labor Law, the Group makes payments to employees upon completion of their services, which are usually based on years of service, salary and reason of termination.

Evaluation methodology and key assumptions for the actuarial study

In compliance with the requirements of IAS 19 "**Employee Benefits**", the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each financial year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. Re-measurement recognized in comprehensive income is immediately reflected in retained earnings and is not included in profit or loss. The cost of the previous service (past cost) is calculated in profit or loss during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit asset or liability.

The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss under employee benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly are recognized in profit or loss.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged in equity in the statement of other comprehensive income in the period in which they arise.

Defined benefit costs are classified as follows:

- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re-measurement.

Short-term employee benefits

Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs

The Group contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employees' remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Group's liabilities against these plans are equivalent to those that arise in a defined contribution retirement plan. Payments to retirement benefit plans are charged as an expense when due.

9- Revenue recognition

Under IFRS 15, an entity recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

The Standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

With the exception of the Loyalty Points Program, the Group's activities and contracts with its clients include one performance obligation and revenue is recognized at the time when control of the goods is transferred to customers.

The Group recognizes revenue at the amount of the transaction price for the related performance obligation. Revenue is recorded net of returns, trade discounts, volume rebates, estimates of other variable consideration and amounts collected on behalf of third parties.

Sale of Goods

The Group's contracts with customers for the sale of medicines and pharmaceutical products generally include one performance obligation. The Group has concluded that revenue from sale of medicines and pharmaceutical products should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery.

Loyalty program

Revenue from loyalty points for registered customers in the loyalty program included separate performance obligation.

Revenue is allocated between the loyalty program and the other components of the sale using independent selling price. It is recognized as revenue when the Group has fulfilled its obligations to supply the discounted products or free goods under the terms of the program or when it is no longer probable that the points under the program will be redeemed.

Revenue from leases

Rental income is recognized in on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

Other Income

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued. This represents profit from sale of scrapped inventory and other miscellaneous income.

10- Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Group.

11- Zakat and taxation

The Group is subject to zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("**GAZT**"). Group's Zakat and its share in Zakat of subsidiary are charged to the consolidated statement of profit or loss and other comprehensive income. Additional Zakat liability, if any, related to prior years' assessments arising from GAZT are accounted for in the year in which the final assessments are finalized.

The Group withholds taxes on transactions with non-resident parties in accordance with the GAZT regulations.

12- Value added tax

The value added tax was introduced in Saudi Arabia as of 1 January 2018 (14 Rabee Al Akher 1439H), which is tax on the supply of goods and services ultimately borne by the consumer but collected at each stage of the production and distribution chain as a general principle. The value added tax (VAT) transaction in the Group's accounts should reflect its role as a tax collector and the VAT should not be included in income or expenditures, whether of capital nature or income. However, there will be circumstances in which the Group will incur VAT, and in such cases where VAT is non-refundable, it must be included in the cost of the product or service.

13- Provisions, contingencies, and commitments

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Certain provisions are based on Management's estimate of the actual amount payable.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed in the consolidated statement of profit or loss and other comprehensive income.

Contingent liability is:

a- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b- a present obligation that arises from past events but is not recognized because:

  i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized and are disclosed, unless the probability of an outflow of resources embodying economic benefits is remote.

Commitments represent binding agreements of the Group to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties. For details of Group's contingencies and commitments at the reporting date, please see note 23.

14- Trade payables and accruals

Trade payables and other payables are recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Group derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished; that is, when the liability specified in the contract is discharged or canceled or expires.

15- Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group in its functional currency using the spot rate at the date of the transaction it first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency using the rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

16- Expenses

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

17- Statutory reserve

Company's Articles of Association requires transferring 10% of annual net income to a statutory reserve. The ordinary General Assembly can decide to stop transferring to the above-mentioned reserve till it reaches 30% of paid share capital.

18- Finance income and finance costs

Finance income and finance costs comprise of Islamic Murabaha of invested money which are recognized in profit or loss. Interest income from Islamic Murabaha is recognized as it accrues under profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss using the effective interest method.

19- Segment information

An operating segment is a company of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive Management.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in economic environment.

20- New standards, amendments and standards issued and not yet effective

New standards, interpretations and amendments adopted by the Group

There are no new standards that were issued, however, there are a number of amendments to the standards which are effective as of 1 January 2020, which did not have a material impact on the consolidated financial statements.

Effective as of	Amendments to standards
1-Jan-20	Definition of Material – Amendments to IAS 1 and IAS 8
1-Jan-20	Definition of a Business – Amendments to IFRS 3
1-Jan-20	Amendments to References to Conceptual Framework in IFRS standards

Standards issued and not yet effective

Standards and amendments issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group does not expect a material impact on the consolidated financial statements if the below standards and amendments are applied.

Effective for annual periods beginning on or after	New standards or amendments
1-Jan-20	Amendments to IFRS 9, IAS 39 and IFRS 16 and IFRS 4 - Phase II (Interest Rate Correction)
1-Jan-22	Onerous contracts - Cost of contract completion (Amendments to IAS 37)
	Annual improvements to IFRS Standards 2018-2020
	Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16)
	Reference to the conceptual framework (amendment to IFRS 3)
1-Jan-20	Amendments to IAS 1 "**Presentation of Financial Statements**" on the classification of liabilities
	IFRS 17 - Insurance contracts and amendment to IFRS 17 - Insurance contracts
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

6.5.3 Summary of financial information and key performance indicators

Table (6-1): Consolidated statement of profit or loss and other comprehensive income for the financial years ended 31 December 2018G, 2019G and 2020G and interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited) for the six-month period ended 30 June 2020G and 30 June 2021G

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Reviewed)	Six-month period ended 30 June 2021G (Reviewed)	Variance 30 June 2020G -30 June 2021G
Revenue	7,350,003	7,824,674	8,642,207	6.5%	10.4%	8.4%	4,520,516	4,051,247	(10.4%)
Cost of revenue	(5,276,140)	(5,360,961)	(5,392,535)	1.6%	0.6%	1.1%	(2,814,346)	(2,411,568)	(14.3%)
Gross profit	**2,073,863**	**2,463,713**	**3,249,672**	**18.8%**	**31.9%**	**25.2%**	**1,706,170**	**1,639,679**	**(3.9%)**
Other income, net	(20,678)	26,602	31,458	(228.7%)	18.3%	na	11,029	6,313	(42.8%)
Reversal / (support) of expected credit losses	(9,871)	(25,000)	18,000	153.3%	(172.0%)	na	-	-	na
Selling and distribution expenses	(1,095,859)	(1,327,228)	(1,987,553)	21.1%	49.8%	34.7%	(897,594)	(1,011,387)	12.7%
General and administrative expenses	(301,855)	(310,200)	(337,032)	2.8%	8.7%	5.7%	(179,590)	(148,804)	(17.1%)
Provision for impairment of property and equipment	-	(14,270)	(8,599)	na	(39.7%)	na	-	-	na
Operating profit for the period	**645,601**	**813,618**	**965,945**	**26.0%**	**18.7%**	**22.3%**	**640,015**	**485,801**	**(24.1%)**
Finance income	-	12,263	-	na	(100.0%)	na	-	-	na
Finance costs	(6,804)	(55,354)	(57,500)	713.5%	3.9%	190.7%	(28,303)	(38,488)	36.0%
Net finance costs	(6,804)	(43,092)	(57,500)	533.3%	33.4%	190.7%	(28,303)	(38,488)	36.0%
Impairment of investment property	-	(1,894)	(14,000)	na	639.1%	na	-	-	na
Profit for the period before zakat	638,797	768,632	894,446	20.3%	16.4%	18.3%	611,713	447,313	(26.9%)
Zakat	(28,144)	(76,630)	(45,330)	172.3%	(40.8%)	26.9%	(22,500)	(25,468)	13.2%
Net profit for the period	**610,653**	**692,002**	**849,116**	**13.3%**	**22.7%**	**17.9%**	**589,213**	**421,846**	**(28.4%)**
Items that will not be reclassified to profit or loss in subsequent periods Re-measurement loss on defined benefit plans	(9,237)	(21,904)	(19,576)	137.1%	(10.6%)	45.6%	(7,500)	(20,891)	178.5%

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Reviewed)	Six-month period ended 30 June 2021G (Reviewed)	Variance 30 June 2020G -30 June 2021G
Items that may be reclassified to profit or loss in subsequent periods Exchange differences on translation of foreign operations	-	-	(161)	na	na	na	(157)	(26)	(83.8%)
Total comprehensive income for the period	601,416	670,099	829,378	11.4%	23.8%	17.4%	581,555	400,929	(31.1%)

Table (6-2): The consolidated statement of financial position as at 31 December, 2018G, 2019G 2020G and the unaudited interim consolidated statement of financial position as on 30 June 2021.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Non-Audited
Assets				
Non-current assets				
Property and equipment	582,986	645,520	779,590	865,332
Investment properties	194,894	193,000	179,000	179,000
Intangible assets	40,119	35,080	41,572	47,674
Right-of-use assets	-	1,306,061	1,186,842	1,281,242
Prepayments and other assets (non-current)	9,018	7,227	4,635	-
Total non-current assets	827,017	2,186,888	2,191,638	2,373,248
Current assets				
Inventories	1,131,927	1,133,868	1,180,966	1,146,131
Trade receivables	105,914	139,141	94,779	191,404
Prepayments and other assets (current)	253,558	151,389	174,552	182,557
Investment at amortised cost	200,359	202,832	-	600,000
Cash and cash equivalents	170,073	372,354	1,008,530	323,764
Total current assets	1,861,832	1,999,584	2,458,826	2,443,855
Total assets	2,688,849	4,186,472	4,650,464	4,817,103
Partner's equity and liabilities				
Partner's equity				
Capital	50,000	50,000	1,000,000	1,000,000
Statutory reserve	25,000	25,000	109,912	109,912
Retained earnings	1,603,886	1,709,403	969,030	909,985
Foreign currency translation reserve	-	-	(161)	(187)
Total Partner's equity	1,678,886	1,784,403	2,078,781	2,019,710

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Non-Audited
Liabilities				
Non-current liabilities				
Employee benefits	142,570	168,829	329,488	358,181
Lease liabilities	1,545	984,410	828,953	929,294
Accruals and other non-current liabilities	0	10,395	14,381	19,934
Total non-current liabilities	**144,115**	**1,163,635**	**1,172,822**	**1,307,409**
Current liabilities				
Lease liabilities (current)	-	233,227	376,131	411,912
Zakat payable	37,056	78,440	98,054	77,314
Trade and other payables	428,287	512,758	442,673	603,663
Accruals and current liabilities	350,547	369,688	457,825	391,568
Due to related parties	49,957	44,321	24,179	5,528
Total current liabilities	**865,847**	**1,238,435**	**1,398,861**	**1,489,985**
Total liabilities	**1,009,962**	**2,402,070**	**2,571,683**	**2,797,394**
Total partner's equity and liabilities	**2,688,848**	**4,186,472**	**4,650,464**	**4,817,103**

It is worth noting that the financial statements audited by KPMG for the year 2020G were based on the Management classification for that year, and accordingly they were used to show the financial position figures for the year ending 2020G. Management has reclassified certain account balances for the fiscal year 2020G contained in the unaudited financial statements that were examined as of June 30, 2021 by Ernst & Young. The following is a summary of the reclassification in the consolidated statement of financial position for the year ended 31 December 2020G.

Based on the classification of accounts approved by the Management and contained in the unaudited financial statements that were examined as on 30 June 2021G is considered the most recent, the comparative figures for the consolidated statement of financial position for the year ended 2020G were used and analyzed in the following tables, as shown in the unaudited consolidated interim financial statements for the six months ended 30 June 2021:

SAR in 000s	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the audited financial statements of 31 December 2020G	Reclassification	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the reviewed financial statements of 31 December 2021G
Assets			
Non-current assets			
Property and equipment	779,590	27,865	807,455
Investment properties	179,000	-	179,000
Intangible assets	41,572	4,635	46,207
Right-of-use assets	1,186,842	-	1,186,842
Prepayments and other asset (non-current)	4,635	(4,635)	-
Total of Non-current assets	**2,191,638**	**27,865**	**2,219,503**
Current assets			
Inventories	1,180,966	(32,045)	1,148,921

SAR in 000s	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the audited financial statements of 31 December 2020G	Reclassification	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the reviewed financial statements of 31 December 2021G
Trade receivables	94,779	3,720	98,499
Amounts of prepayments and other assets (current)	174,552	(3,720)	170,832
Investment at amortised cost	-	-	-
Cash and cash equivalents	1,008,530	-	1,008,530
Total current assets	**2,458,826**	**(32,045)**	**2,426,781**
Total assets	**4,650,464**	**(4,180)**	**4,646,285**
Partner's equity and liabilities			
Partner's equity			
Capital	1,000,000	-	1,000,000
Statutory reserve	109,912	-	109,912
Retained earnings	969,030	-	969,030
Foreign currency translation reserve	(161)	-	(161)
Total Partner's equity	**2,078,781**	**-**	**2,078,781**
Liabilities			
Non-current liabilities			
Employee's end of service benefits	329,488	-	329,488
Lease liabilities	828,953	-	828,953
Amounts of accruals and other liabilities (non-current portion)	14,381	-	14,381
Total Non-current liabilities	**1,172,822**	**-**	**1,172,822**
Total Current liabilities		**-**	
Lease liabilities (current portion)	376,131	-	376,131
Zakat payable	98,054	-	98,054
Trade payables and other payables	442,673	-	442,673
Amounts of accruals and other liabilities (current portion)	457,825	(4,180)	453,646
Due to related parties	24,179	-	24,179
Total Current liabilities	**1,398,863**	**(4,180)**	**1,394,682**
Total liabilities	**2,571,683**	**(4,180)**	**2,567,504**
Total partner's equity and liabilities	**4,650,464**	**-**	**4,646,285**

Table (6-3): Audited Statement of cash flows for the years ended 31 December, 2018G, 31 December, 2019G and 31 December, 2020. The unaudited consolidated interim statement of cash flows reviewed for the six-month period ended 30 June, 2021G.

SAR in 000s	Financial year 2018G Audited	Financial year 2019G Audited	Financial year 2020G Audited	6-month period ended 30 June 2021G Unaudited
Operating activities				
Profit for the period before zakat	638,797	768,632	894,446	447,313
Adjustment to reconcile profit for the period before zakat to net cash flows from operating activities				
Depreciation of property and equipment	118,078	130,482	140,630	77,881
Amortization of intangible assets	24,964	21,482	17,534	12,493
Write-off of property and equipment	-	2,246	-	-
Write-off of intangible assets	2	-	-	-
Gain on disposal of property and equipment	34,254	2,259	(1,126)	(39)
Impairment loss of property and equipment	-	14,270	8,599	-
Impairment of investment property	-	1,894	14,000	-
Provision for employee benefits	23,384	24,363	57,380	24,624
(Reversal)/ provision for slow moving and obsolete inventories	55,488	31,190	142,329	(24,159)
Depreciation of right-of-use assets	-	343,363	349,014	192,227
Allowance for expected credit losses (ECL)	9,871	25,000	(18,000)	-
Foreign currency translation reserve	-	-	-	(26)
Finance costs	-	55,354	47,193	38,488
Amortization of prepayments and other assets	-	1,791	2,592	-
	904,838	1,422,324	1,654,590	768,801
Changes in:				
Inventories	49,618	(33,131)	(189,426)	26,948
Trade receivables	1,964	(58,228)	62,362	(92,904)
Prepayments and other current assets	18,364	(26,656)	(23,163)	(11,725)
Trade and other payables	5,664	84,471	(70,247)	160,990
Accrued expenses and other current liabilities	28,672	22,355	217,475	(75,175)
Cash generated from operating activities	1,009,119	1,411,137	1,651,592	776,935
Finance costs paid	-	(7,819)	-	(38,488)
Paid employees' benefits	(7,424)	(20,007)	(34,800)	(16,822)
Zakat paid	(21,723)	(35,246)	(30,943)	(46,207)
Net cash used in operating activities	979,972	1,348,066	1,585,848	675,418
Investing activities				
Proceeds from disposal of property and equipment	-	6,184	13,822	79
Purchase of property and equipment	(162,497)	(217,974)	(295,848)	(135,798)
Acquisition of Intangible assets	(20,519)	(16,444)	(23,951)	(13,960)
Short term investment	(200,359)	(2,472)	202,832	(600,000)
Net cash used in investing activities	(383,375)	(230,706)	(103,146)	(749,679)
Financing activities				

SAR in 000s	Financial year 2018G Audited	Financial year 2019G Audited	Financial year 2020G Audited	6-month period ended 30 June 2021G Unaudited
Payment of a major portion of lease obligations	-	(415,080)	(311,526)	(150,505)
Dividend paid	(550,000)	(500,000)	(535,000)	(460,000)
Net cash used in financing activities	**(550,000)**	**(915,080)**	**(846,526)**	**(610,505)**
Increase in cash and cash equivalents	**46,597**	**202,280**	**636,176**	**(684,766)**
Cash and cash equivalents as at the beginning of the period	121,235	170,073	372,354	1,008,530
Cash and cash equivalents classified as held for sale	2,241	-	-	-
Cash and equivalents as at the ending of the period	**170,073**	**372,354**	**1.008.530**	**323,764**
Non-cash transactions				

Table (6-4): Key performance indicators for the fiscal years ending on 31 December 2018G, 2019G and 2020G and the six month period ended 30 June, 2021G

Income statement metrics					
As a percentage from revenue	Financial year 2018G Audited	Financial year 2019G Audited	Financial year 2020G Audited	6-month period ended 30 June 2020G Unaudited	6-month period ended 30 June 2021G Unaudited
Gross margin(1)	28.2%	31.5%	37.6%	37.7%	40.5%
Net profit margin before zakat(2)	8.7%	9.8%	10.3%	13.5%	11.0%
Net profit margin(3)	8.3%	8.8%	9.8%	13.0%	10.4%
EBITDA margin(4)	10.7%	16.7%	16.9%	19.9%	18.9%

(1) Gross margin is defined as gross profit divided by revenue, which is a percentage.

(2) Net profit margin before zakat is defined as the profit for the year/period before zakat divided by revenue, which is a percentage.

(3) Net profit margin is defined as the net profit for the year/period divided by revenue, which is a percentage.

(4) EBITDA margin is defined as the year/period EBITDA divided by revenue, which is a percentage.

Balance sheet metrics				
	As on 31 December 2018G	As on 31 December 2019G	As on 31 December 2020G	As on 30 June 2021G
Debt to equity ratio(1)	0.6	1.3	1.2	1.4
RoA(2)	22.7%	16.5%	18.3%	Not applicable
RoE(3)	36.4%	38.8%	40.8%	Not applicable
Working capital ratio (trading ratio)(4)	2.2	1.6	1.8	1.6
Net cash from operating activities over revenue(5)	13.3%	17.2%	18.4%	16.7%

(1) Debt to equity ratio is defined as the total liabilities at the end of the year/period divided by total partners' equity.

(2) RoA is calculated as follows: Net profit for the year / Total assets at the end of the year.

(3) RoE is calculated as follows: Net profit for the year / Total partners' equity at the end of the year.

(4) Working Capital Ratio is calculated as follows: Total Current Assets / Total Current Liabilities.

(5) Net cash from operating activities over revenue is calculated as follows: Net cash flows used in operating activities/revenues.

Table (6-5): Dividends declared and distributed by the Group during the years ended on 31 December 2018G, 2019G, 2020G, and the six months ended on 30 June 2021G

SAR in 000s	Financial year 2018G	Financial year 2019G	Financial year 2020G	6-month period ended 30 June 2021G
Dividends declared	550,000	500,000	535,000	460,000
Dividends paid during the year*	550,000	500,000	535,000	460,000
Profit for the year	610,653	692,002	849,116	421,846
Dividend declared as a percentage of profit	90.1%	72.3%	63.0%	109.0%

* The group distributed exceptional profits of 600 million riyals and interim profits of 200 million riyals in the Q3 of 2021.

Table (6-6): Capitalization of the Group's capital and indebtedness

SAR in 000s	As on 31 December 2018G	As on 31 December 2019G	As on 31 December 2020G	As on 30 June 2021G
Total loans	-	-	-	-
Partner's equity	1,678,886	1,784,403	2,078,781	2,019,710
Capital*	50,000	50,000	1,000,000	1,000,000
Proposed increase in capital	-	-	-	-
Statutory reserve	25,000	25,000	109,912	109,912
Actuarial valuation reserve	-	-	-	-
Retained earnings	1,603,886	1,709,403	969,030	909,985
Total Partner's equity	**1,678,886**	**1,784,403**	**2,078,781**	**2,019,710**
Total capitalization (total loans + total equity)	**1,678,886**	**1,784,403**	**2,078,781**	**2,019,710**

*Capital has increased by SAR 300 million in Q3 2021G.

6.6 Operations results

6.6.1 Consolidated statement of profit or loss and other comprehensive income

Table (6-7): Consolidated statement of profit or loss and other comprehensive income for the financial years ended 31 December 2018G, 2019G and 2020G and interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited) for the six-month period ended 30 June 2020G and 30 June 2021G

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Reviewed)	Six-month period ended 30 June 2021G (Reviewed)	Variance 30 June 2020G -30 June 2021G
Revenue	7,350,003	7,824,674	8,642,207	6.5%	10.4%	8.4%	4,520,516	4,051,247	(10.4%)
Cost of revenue	(5,276,140)	(5,360,961)	(5,392,535)	1.6%	0.6%	1.1%	(2,814,346)	(2,411,568)	(14.3%)
Gross profit	2,073,863	2,463,713	3,249,672	18.8%	31.9%	25.2%	1,706,170	1,639,679	(3.9%)
Other income, net	(20,678)	26,602	31,458	na	18.3%	na	11,029	6,313	(42.8%)
Reversal / (support) of expected credit losses	(9,871)	(25,000)	18,000	153.3%	na	na	-	-	na

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Reviewed)	Six-month period ended 30 June 2021G (Reviewed)	Variance 30 June 2020G -30 June 2021G
Selling and distribution expenses	(1,095,859)	(1,327,228)	(1,987,553)	21.1%	49.8%	34.7%	(897,594)	(1,011,387)	12.7%
General and administrative expenses	(301,855)	(310,200)	(337,032)	2.8%	8.6%	5.7%	(179,590)	(148,804)	(17.1%)
Provision for impairment of property and equipment	-	(14,270)	(8,599)	na	(39.7%)	na	-	-	na
Operating profit for the period	645,601	813,618	965,945	26.0%	18.7%	22.3%	640,015	485,801	(24.1%)
Finance income	-	12,263	-	na	na	na	-	-	na
Finance costs	(6,804)	(55,354)	(57,500)	713.5%	3.9%	190.7%	(28,303)	(38,488)	36.0%
Net finance costs	(6,804)	(43,092)	(57,500)	533.3%	33.4%	190.7%	(28,303)	(38,488)	36.0%
Impairment of investment property	-	(1,894)	(14,000)	na	639.1%	na	-	-	na
Profit for the period before zakat	638,797	768,632	894,446	20.3%	16.4%	18.3%	611,713	447,313	(26.9%)
Zakat	(28,144)	(76,630)	(45,330)	172.3%	(40.8%)	26.9%	(22,500)	(25,468)	13.2%
Net profit for the period	610,653	692,002	849,116	13.3%	22.7%	17.9%	589,213	421,846	(28.4%)
Items that will not be reclassified to profit or loss in subsequent periods Re-measurement loss on defined benefit plans	(9,237)	(21,904)	(19,576)	137.1%	(10.6%)	45.6%	(7,500)	(20,891)	178.5%
Items that may be reclassified to profit or loss in subsequent periods Exchange differences on translation of foreign operations	-	-	(161)	na	na	na	(157)	(26)	(83.4%)
Total comprehensive income for the period	601,416	670,099	829,378	11.4%	23.8%	17.4%	581,555	400,929	(31.1%)
As a % of revenue									

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Reviewed)	Six-month period ended 30 June 2021G (Reviewed)	Variance 30 June 2020G -30 June 2021G
Gross profit	28.2%	31.5%	37.6%	3.3	6.1	9.4	37.7%	40.5%	2.7
Selling and distribution expenses	14.9%	17.0%	23.0%	2.1	6.0	8.1	19.9%	25.0%	5.1
General and administrative expenses	4.1%	4.0%	3.9%	(0.1)	(0.1)	(0.2)	4.0%	3.7%	(0.3)
Operating profit for the period	8.8%	10.4%	11.2%	1.6	0.8	2.4	14.2%	12.0%	(2.2)
Net profit for the period	8.3%	8.8%	9.8%	0.5	1.0	1.5	13.0%	10.4%	(2.6)
Total comprehensive income for the period	8.2%	8.6%	9.6%	0.4	1.0	1.4	12.9%	9.9%	(3.0)
Additional KPIs									
EBITDA	788,643	1,309,502	1,459,123	66.0%	11.4%	36.0%	897,986	764,497	(14.9%)
EBITDA as a % of revenue	10.7%	16.7%	16.9%	6.0	0.1	6.2	19.9%	18.9%	(1.0)
Insurance revenue as a % of revenue	4.8%	5.8%	6.9%	0.9	1.1	2.1	6.4%	7.7%	1.3
Private label revenue as a % of revenue	5.1%	7.2%	10.3%	2.1	3.1	5.2	9.8%	10.2%	0.4
Online revenue as a % of revenue	0.8%	3.4%	7.9%	2.7	4.4	7.1	9.7%	9.4%	(0.3)
KPIs									
Al Nahdi Medical Company									
Number of pharmacies at period end	1,161	1,171	1,151	10	(20)	(10)	1,120	1,170	50
Total pharmacies area (in sqm)	377,208	402,559	412,604	25,351	10,045	35,396	412,604	425,577	12,973
Units sold in 000s	213,990	223,343	289,729	9,353	66,386	75,739	169,118	113,429	(55,689)
Revenue (SAR in 000s)	7,350,003	7,824,312	8,636,839	474,309	812,526	1,286,835	4,519,504	4,041,054	(478,450)
Average revenue per unit sold	34.3	35.0	29.8	1	(5)	(5)	26.7	35.6	9
Al Nahdi Care									
Number of clinics	-	1	2	1	1	2	1	2	1

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Reviewed)	Six-month period ended 30 June 2021G (Reviewed)	Variance 30 June 2020G -30 June 2021G
Revenue (SAR in 000s)	-	260	8,190	na	3055.6%	na	728	13,499	**1753.4%**
Nahdi Investment Company									
Number of pharmacies	-	1	1	1	-	1	1	1	-
Revenue (SAR in 000s)	-	103	808	na	687.5%	na	283	908	**220.6%**
Number of employees at period end	5,669	5,959	9,341	290	3,382	3,672	9,229	9,771	**542**

Source: Audited consolidated financial statements for the financial years ended 31 December 2018G, 2019G and 2020G and reviewed interim condensed consolidated financial statements for the six-month period ended 30 June 2020G and 2021G.

KPIs: Group information for the financial years ended 31 December 2018G, 2019G and 202G and the six-month period ended 30 June 2020G and 2021G.

Revenue

The Group's revenue is primarily based on revenue from (i) pharmacy sales of pharmaceutical products (prescription and over-the-counter medicine) and non-pharmaceutical products (beauty products, FMCG, wellness and mom & baby products) through pharmacies located in the Kingdom of Saudi Arabia and the United Arab Emirates, and (2) consultation services within clinics in KSA. Revenue from pharmacies located in KSA generated more than 99% of total revenue over the period.

Pharmacies revenue relates to 5 main product divisions – Mom & baby (about 31% of total revenue in 2018G, 2019G and 2020G), Medicine (about 29%), Beauty (about 17%), Wellness (about14%) and FMCG (about 9%).

Revenue increased by 6.5% from SAR 7,350 million in 2018G to SAR 7,825 million in 2019G due to the ramp up of new openings in 2018G (+SAR 242 million), in addition to the pharmacies which were opened in 2019G (+SAR 179.4 million), offset by closed pharmacies over the same period. The increase in revenue came mainly from the following:

- Medicine (+SAR 140.7 million) following the launch of new diabetes treatments and assortment expansion within self-medications in addition to the increase in revenue from insurance companies and the increase in the number of provider pharmacies in hospitals;
- Mom & baby (+SAR 136.9 million) mainly due to the introduction of larger sized products; and
- Beauty (+SAR 136.4 million) in line with the Group's strategy to promote Nahdi pharmacies as a beauty destination.

The Group's revenue increased by 10.4% to SAR 8,642 million in 2020G due to the ramp up of pharmacies opened in 2019G (+SAR 361 million), in addition to the pharmacies that were opened in 2020G (+SAR 228.9 million), offset by closed pharmacies (-SAR 200.9 million). This growth came in light of the COVID pandemic which led to an increase in sales of PPEs in addition to consumer stock piling behavior and the Group's readiness from an e-commerce standpoint to secure the online orders of the consumers. The increase in revenue came mainly from the following:

- Wellness (+SAR 374.6 million) as a result of the expansion of the home health care private label, the sale of PPEs during the COVID, and the growth of the vitamin subcategory;
- Medicine (+SAR 168.4 million) following the shift to procure medicine from pharmacies instead of hospitals due to COVID restrictions; and
- FMCG (+SAR 143.8 million) due to consumer behavior (stock piling) and the impact of COVID which resulted in increased sales from the Antiseptics products.

Revenue decreased by 10.4% from SAR 4,521 million in the six-month period ended 30 June 2020G to SAR 4,051 million in the six-month period ended 30 June 2021G across the Group's five divisions largely impacted by:

- The general drop in consumers' purchasing power impacted by the increase in VAT to 15% as of July 2020G; and
- historical consumer stock piling behavior during COVID.

To a lesser extent, revenue was also impacted by the increase in promotional discounts from 1.8% as a % of gross revenue in the six-month period ended 30 June 2020G to 3.0% in the six-month period ended 30 June 2021G given to unload the high stock of masks and other COVID-related protective equipment.

Insurance revenue as a % of revenue increased by 0.9 percentage points from 4.8% in 2018G to 5.8% in 2019G, further increased by 1.1 percentage points to 6.9% in 2020G in line with the growth in revenue from insurance companies and provider pharmacies within hospitals. Insurance revenue as a % of revenue increased by 1.3 percentage points from 6.4% in the six-month period ended 30 June 2020G to 7.7% in the six-month period ended 30 June 2021G.

Private label revenue as a % of revenue increased by 2.1 percentage points from 5.1% in 2018G to 7.2% in 2019G, further increased by 3.1 percentage points to 10.3% in 2020G in line with the Group's strategy to strengthen its private brands. Private label revenue as a % of revenue increased by 0.4 percentage points from 9.8% in the six-month period ended 30 June 2020G to 10.2% in the six-month period ended 30 June 2021G.

Online revenue as a % of revenue increased by 2.7 percentage points from 0.8% in 2018G to 3.4% in 2019G, further increased by 4.4 percentage points to 7.9% in 2020G driven by the increase in online shopping and spending by consumers, in addition to the Group's investment in this channel. On the other hand, online revenue as a % of revenue decreased by 0.3 percentage points from 9.7% in the six-month period ended 2020G to 9.4% in the six-month period ended 2021G.

Nahdi Investment Company was established in November 2019 with the opening of the first pharmacy in Nakheel Mall (Dubai). This entity's revenue amounted to SAR 103 thousand in 2019G and SAR 808 thousand in 2020G. Revenue increased from SAR 283 thousand in the six-month period ended 30 June 2020G to SAR 908 thousand in the six-month period ended 30 June 2021G. The entity incurred losses over the past period as it is still in the establishment stage.

Al Nahdi Care Company was established in the second half of 2019G with the opening of the first polyclinic in Al Marwah (Jeddah) and achieved a revenue of SAR 260 thousand in 2019G. In 2020G, another polyclinic was opened in Tahlia (Jeddah), and total revenue amounted to SAR 8.2 million in 2020G. Revenue increased from SAR 728 thousand in the six-month period ended 30 June 2020G to SAR 13.5 million in the six-month period ended 30 June 2021G. The entity incurred losses over the past period as it is still in the establishment stage.

It should be noted that the average revenue per unit sold in 2020G was affected by the change in face masks case size and pricing following SFDA regulations whereby in 2019G one unit was equivalent to one box of 50 pieces at a price of SAR 24, whereas in 2020G, one unit was equivalent to one piece at a price of SAR 1.

Cost of revenue

Cost of revenue mainly consisted of (i) cost of goods sold, which represented about 90% of total cost of revenue in 2018G, 2019G and 2020G, (2) provision for slow moving inventory, which accounted around 1.4% of the total, and (3) costs of operated pharmacies which represented about 13% in 2018G and 2019G and decreased to about 2% in 2020G following the change in accounting treatment due to the transfer of ownership of the operated pharmacies to the Company directly. As a result, costs of operated pharmacies in 2018G and 2019G were classified under cost of revenue in the Company's financial statements and were then reclassified in 2020G to selling and distribution expenses following the lifting of ownership restrictions during the end of 2019G.

Cost of revenue increased by 1.6% from SAR 5,276 million in 2018G to SAR 5,361 million in 2019G in line with the increase in revenue.

Cost of revenue increased by 0.6% from SAR 5,361 million in 2019G to SAR 5,393 million in 2020G due to the increase in revenue, partially offset by the decrease in costs of operated pharmacies as a result of the reclassification of these costs from cost of revenue to selling and distribution expenses.

Cost of revenue decreased by 14.3% from SAR 2,814 million in the six-month period ended 30 June 2020G to SAR 2,412 million in the six-month period ended 30 June 2021G in line with the decrease in revenue during the same period.

Gross profit

Gross profit increased from SAR 2,074 million in 2018G to SAR 2,464 million in 2019G driven by the increase in revenue. Consequently, gross margin increased by 3.3 percentage points from 28.2% to 31.5% during the same period impacted by the decrease in costs of operated pharmacies due to the implementation of IFRS 16 which led to the reclassification of rent expense under costs of operated pharmacies to right of use – depreciation (as per the standard) under selling and distribution expenses.

Gross profit increased by 31.9% in 2020G and reached SAR 3,250 million due to the increase in revenue in addition to the reclassification of costs of operated pharmacies which led to an increase in gross margin to 37.6% during the same period.

Gross profit decreased from SAR 1,706 million in the six-month period ended 30 June 2020G to SAR 1,640 million in the six-month period ended 30 June 2021G. Nevertheless, gross margin increased from 37.7% to 40.5% due to the reclassification of costs of operated pharmacies during the same period.

Other income, net

Other income, net mainly related to (i) recovery of operating pharmacy costs / reversal of accrued expenses, (ii) income from deposits and (iii) profits (losses) from property disposal. Other income, net increased from a loss of SAR 20.7 million in 2018G to a profit of SAR 26.6 million in 2019G driven by the increase in profits (losses) from property disposal by SAR 32.0 million in relation to the write off of a portion of the Imdad project which was transferred to develop the infrastructure through the Municipality of Jeddah.

Other income, net increased by 18.3% from SAR 26.6 million in 2019G to SAR 31.5 million in 2020G mainly due to the increase in recovery of operating pharmacy costs / reversal of accrued expenses by SAR 4.7 million which related to contributions made to the owners of the operated pharmacies.

Other income, net decreased by 42.8% from SAR 11.0 million in the six-month period ended 30 June 2020G to SAR 6.3 million in the six-month period ended 30 June 2021G as a result of the decrease in income from deposits (-SAR 5.3 million) in relation to the Group's income on time deposits which matured in 2020G. This was partially offset by an increase in other income (+SAR 1.9 million) which came on the back of SAR 1.8 million claimed balance received from an insurance company.

Reversal / (support) of expected credit losses

Reversal / (support) of expected credit losses related to the Group's provision on doubtful debt, increased by 153.3% from a provision of SAR 9.9 million in 2018G to SAR 25.0 million in 2019G due to the adoption of IFRS 9.

Reversal / (support) of expected credit losses decreased by 172.0% from a provision of SAR 25.0 million in 2019G to a reversal of SAR 18.0 million in 2020G due to the increase in provisions in 2019G.

Selling and distribution expenses

Selling and distribution expenses mainly comprised salaries and employees' benefits (which constituted an average of approximately 53% of total selling and distribution expenses during 2018G, 2019G and 2020G), depreciation and amortization (which constituted about 23%) and advertising and promotion (which constituted about 4%) amongst other expenses.

Selling and distribution expenses increased by 21.1% from SAR 1,096 million in 2018G to SAR 1,327 million in 2019G mainly due to the implementation of IFRS 16 (+SAR 181.2 million) which resulted in right of use deprecation of SAR 334.5 million offset by a decrease in rent of sales outlets relating to the capitalized assets amounting to SAR 153.2 million.

Selling and distribution expenses increased by 49.8% from SAR 1,327 million in 2019G to SAR 1,988 million in 2020G, due to the reclassification of costs of operated pharmacies to selling and distribution expenses. Costs of operated pharmacies consist mainly of salaries and employees' benefits, attestation of governmental expenses, utilities, repair and maintenance and advertising and promotion.

Selling and distribution expenses increased by 12.7% from SAR 897.6 million in the six-month period ended 30 June 2020G to SAR 1,011 million in the six-month period ended 30 June 2021G mainly driven by the increase in salaries and employees' benefits (+SAR 101.2 million) as a result of the increase in employees' headcount by 108 employees and the full year impact from new hires during the period as well as the reclassification of costs of operated pharmacies from cost of revenue to selling and distribution expenses.

General and administrative expenses

General and administrative expenses mainly included salaries and employees' benefits (which constituted an average of approximately 50% of total general and administrative expenses in 2018G, 2019G and 2020G), board of directors' remunerations (9.3%), depreciation and amortization (9.3%), repair and maintenance (8.5%) and other expenses.

General and administrative expenses increased by 2.8% from SAR 301.9 million in 2018G to SAR 310.2 million in 2019G mainly from salaries and employees' benefits (+SAR 11.7 million) driven by the increase in:

- Management bonus (+SAR 3.2 million)
- End of service indemnity (+SAR 2.4 million)
- Retention plan expense (+SAR 1.9 million) which is also partly based on the Group's performance

This was offset by the impact from the implementation of IFRS16 (-SAR 1.8 million).

General and administrative expenses increased by 8.7% from SAR 310.2 million in 2019G to SAR 337.0 million in 2020G due to the increase in other expenses (+SAR 20.6 million) and salaries and employees' benefits (+SAR 15.7 million) due to the higher retention plan expenses (+SAR 7.5 million). This was offset by a decrease in professional fees (-SAR 10.3 million).

General and administrative expenses decreased from SAR 179.6 million in the six-month period ended 30 June 2020G to SAR 148.8 million in the six-month period ended 30 June 2021G mainly due to the decrease in (i) salaries and employees' benefit from Al Nahdi Medical Company (-SAR 6.2 million) and Al Nahdi Care (-SAR 7.8 million) and (ii) board of directors' remunerations (-SAR 9.5 million) in line with the drop in the Company's net profit for the period.

Provision for impairment of property and equipment

Provision for impairment of property and equipment related to land I (250 thousand square meters) and land II (5.5 thousand square meters). The Group has reviewed the recoverable value of the land as at 31 December 2019G and 31 December 2020G, conducted by an independent external evaluator using the market comparable approach. Accordingly, impairment on both lands was identified and amounted to SAR 14.3 million in 2019G and SAR 8.6 million in 2020G. There was no material change in circumstances between the end of 2020G and the end of the six-month period ended 30 June 2021G that would require revaluation.

Finance income

Finance income amounted to SAR 12.3 million in 2019G and was related to the Group's time deposits. It is worth noting that in 2020G, finance income was reclassified under other income and amounted to SAR 5.4 million.

Finance costs

Finance costs consisted of interest expense on the lease liability which accounted for 82.5% of total finance costs in 2020G, and bank charges which accounted for 17.5% of total finance costs in 2020G.

Finance costs increased by 713.5% from SAR 6.8 million in 2018G to SAR 55.4 million in 2019G following the adoption of IFRS 16 which resulted in an increase in interest expense on lease liability during the period (+SAR 47.8 million).

Finance costs increased by 3.9% from SAR 55.4 million in 2019G to SAR 57.5 million in 2020G due to the increase in bank charges (+SAR 2.8 million).

Finance costs increased by 36.0% from SAR 28.3 million in the six-month period ended 2020G to SAR 38.5 million in the six-month period ended 2021G due to the increase in bank charges on borrowings (+SAR 11.9 million) on the back of SAMA exceptional support during 2020G which related to charges on plastic sales during COVID pandemic.

Impairment of investment property

Impairment of investment property related to Al Khumra undeveloped land. The company has reviewed the recoverable value of the land as at 31 December 2019G and 31 December 2020G by an independent external evaluator using the market comparable approach. Accordingly, impairment on the land was estimated at SAR 1.9 million in 2019G and SAR 14.0 million in 2020G. The investment properties were not revalued as there was no material change in circumstances between the end of 2020G and the end of the six-month period ended 30 June 2021G.

Zakat

Zakat expense increased by 172.3% from SAR 28.1 million in 2018G to SAR 76.6 million in 2019G. On the other hand, zakat expense decreased by 40.8% to SAR 45.3 million in 2020G.

Zakat expense slightly increased by 13.2% from SAR 22.5 million in the six-month period ended 30 June 2020G to SAR 25.5 million in the six-month period ended 30 June 2021G.

6.6.2 Revenue by entity

Table (6-8): Revenue by entity for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G -30 June 2021G
Al Nahdi Medical Company revenue	7,350,003	7,824,312	8,636,839	6.5%	10.4%	8.4%	4,519,504	4,041,054	(10.6%)
Nahdi Investment Company revenue	-	103	808	na	687.5%	na	283	908	220.6%

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G -30 June 2021G
Al Nahdi Care revenue	-	260	8,190	na	3055.6%	na	728	13,499	1753.4%
Sakhaa Golden Company revenue	-	-	54,967	na	na	na	-	116,181	na
Eliminations and reclassifications	-	-	(58,597)	na	na	na	-	(120,395)	na
Total	7,350,003	7,824,674	8,642,207	6.5%	10.4%	8.4%	4,520,516	4,051,247	(10.4%)
As a % of revenue					Ppt.				Ppt.
Al Nahdi Medical Company revenue	100.0%	100.0%	99.9%	(0.0)	(0.1)	(0.1)	100.0%	99.7%	(0.2)
Nahdi Investment Company revenue	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%	0.0%	0.0
Al Nahdi Care revenue	0.0%	0.0%	0.1%	0.0	0.1	0.1	0.0%	0.3%	0.3
Sakhaa Golden Company revenue	0.0%	0.0%	0.6%	0.0	0.6	0.6	0.0%	2.9%	2.9

Source: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

6.6.3 Revenue by product division

Table (6-9): Revenue by product division for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Al Nahdi Medical Company									
Mom & baby	2,322,598	2,459,536	2,512,723	5.9%	2.2%	4.0%	1,324,458	1,175,372	(11.3%)
Medicine	2,180,138	2,320,808	2,489,252	6.5%	7.3%	6.9%	1,256,659	1,222,358	(2.7%)
Beauty	1,235,310	1,371,688	1,444,231	11.0%	5.3%	8.1%	789,793	677,412	(14.2%)
Wellness	946,821	975,596	1,350,186	3.0%	38.4%	19.4%	675,611	615,321	(8.9%)
FMCG	665,136	696,683	840,446	4.7%	20.6%	12.4%	472,736	348,460	(26.3%)
Others	-	-	-	na	na	na	245	2,131	769.8%
Total	7,350,003	7,824,312	8,636,839	6.5%	10.4%	8.4%	4,519,504	4,041,054	(10.6%)
As a % of revenue					Ppt.				Ppt.
Mom & baby	31.6%	31.4%	29.1%	(0.2)	(2.4)	(2.5)	29.3%	29.0%	(0.2)
Medicine	29.7%	29.7%	28.8%	0.0	(0.9)	(0.9)	27.8%	30.2%	2.4
Beauty	16.8%	17.5%	16.7%	0.7	(0.8)	(0.1)	17.5%	16.7%	(0.8)
Wellness	12.9%	12.5%	15.6%	(0.4)	3.2	2.7	14.9%	15.2%	0.2
FMCG	9.0%	8.9%	9.7%	(0.1)	0.8	0.7	10.5%	8.6%	(1.9)
Others	0.0%	0.0%	0.0%	-	-	-	0.0%	0.1%	0.0

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Units sold in 000s					Percentage				Percentage
Mom & baby	60,014	60,745	59,423	1.2%	(2.2%)	(0.5%)	31,129	27,806	(10.7%)
Medicine	67,724	71,170	73,831	5.1%	3.7%	4.4%	37,009	37,036	0.1%
Beauty	31,869	35,161	37,755	10.3%	7.4%	8.8%	20,514	17,625	(14.1%)
Wellness	20,816	21,323	77,126	2.4%	261.7%	92.5%	57,137	14,128	(75.3%)
FMCG	33,567	34,945	41,594	4.1%	19.0%	11.3%	23,328	16,834	(27.8%)
Average revenue per unit sold (in SAR)					Percentage				Percentage
Mom & baby	38.7	40.5	42.3	4.6%	4.4%	4.5%	42.5	42.3	(0.7%)
Medicine	32.2	32.6	33.7	1.3%	3.4%	2.3%	34.0	33.0	(2.8%)
Beauty	38.8	39.0	38.3	0.6%	(1.9%)	(0.7%)	38.5	38.4	(0.2%)
Wellness	45.5	45.8	17.5*	0.6%	(61.7%)	(38.0%)	11.8	43.6	268.3%
FMCG	19.8	19.9	20.2	0.6%	1.4%	1.0%	20.3	20.7	2.1%

Source: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

* Average revenue per unit sold of wellness division decreased from SAR 45.8 in 2019G to SAR 17.5 in 2020G due to change in case size of units sold from box to piece following SFDA regulations.

Mom & baby

Mom & baby pertains to product sales related to baby nutrition, baby nappies and toiletries and mom care and baby accessories which represented 30.7% as an average % of revenue during 2018G, 2019G and 2020G, and 29.2% during the six-month period ended 30 June 2020G and 2021G. Mom & baby revenue increased by 5.9% from SAR 2,323 million in 2018G to SAR 2,460 million in 2019G as a result of the increase in units sold from 60.0 million to 60.8 million units in the same period, accompanied by an increase in the average revenue per unit sold from SAR 38.7 to SAR 40.5 during the same period. This increase is mainly attributable to the increase in revenue from the department of baby nappies and toiletries (by 13.6% from SAR 795.0 million in 2018G to SAR 903.5 million in 2019G) due to:

- The increase in the average revenue per unit sold of baby nappies and toiletries impacted by the Group's upsizing strategy.
- The increase in revenue from baby wipes product as a result of a higher revenue generated from a private label brand due to lower pricing in addition to the Group's high investment in promotional spending.
- The Group's success in promoting the big and distinguished pharmacies as a preferred shopping destination for women in the Kingdom.

Mom & baby revenue increased by 2.2% from SAR 2,460 million in 2019G to SAR 2,513 million in 2020G as a result of the increase in the average revenue per unit sold from SAR 40.5 to SAR 42.3 in the same period despite the decrease in the units sold from 60.8 million to 59.4 million units. This increase is mainly due to:

- The increase in revenue from the department of baby nappies and toiletries (by 5.7% from SAR 903.5 million in 2019G to SAR 955.1 million in 2020G) driven by the increase in revenue from baby diapers and pants (+SAR 36.5 million), baby toiletries (+SAR 8.7 million) and baby wipes (+SAR 6.4 million) due to selling larger sized products in addition to implementing a premiumization strategy for some products related to baby diapers and pants.
- This was offset by a decrease in revenue from the department of baby nutrition (by 4.0% from SAR 1.1 billion in 2019G to SAR 1.0 billion in 2020G) driven by a decrease in revenue from baby milk (SAR 39.0 million) and baby food (SAR 3.4 million) due to lower units sold resulting from (i) ban on promotional activities for baby food and baby milk starting July 2019G to encourage breastfeeding and (ii) consumer's shift from baby food to natural substitutes.

Mom & baby revenue decreased by 11.3% from SAR 1,325 million in the six-month period ended 30 June 2020G to SAR 1,175 million in the six-month period ended 30 June 2021G as a result of the decrease in units sold from 31.1 million to 27.8 million units in the same period while the average revenue per unit sold remained stable at SAR 42 during the same period. This decrease is attributable to the decrease in revenue from the department of baby nutrition (by 11.5% from SAR 527.7 million in the six-month period ended 30 June 2020G to SAR 466.8 million in the six-month period ended 30 June 2021G) driven by the drop from baby milk (SAR 52.5 million). This decrease is also attributable to the decline in revenue from the department of baby nappies and toiletries (by 10.6% from SAR 511.0 million in the six-month period ended 30 June 2020G to SAR 456.8 million in the six-month period ended 30 June 2021G) primarily driven by the drop in revenue from baby diapers and pants (SAR 34.5 million).

Medicine

Medicine pertains to pharmacy sales of pharmaceutical products (prescription and over-the-counter medicine) as well as product sales related to chronic medications (diabetic medication, cardiovascular, etc.), self-medications (pain management, cough, cold and allergy, etc.), acute medications and other prescribed medicines which represented 29.4% as an average % of revenue from 2018G to 2020G and 29.0% during the six-month period ended 30 June 2020G and 2021G. Medicine revenue increased by 6.5% from SAR 2,180 million in 2018G to SAR 2,321 million in 2019G as a result of the increase in units sold from 67.7 million to 71.2 million units, while the average revenue per unit sold remained stable at an average of SAR 32 during the same period. This increase is mainly attributable to the increase in revenue from the department of self-medications (by 9.4% from SAR 1,037 million in 2018G to SAR 1,135 million SAR in 2019G) largely impacted by the increase in medicine revenue related to pain management (36.0 million SAR) and cough, cold and allergy (SAR 28.0 million) due to expansion of product assortment.

Medicine revenue increased by 7.3% from SAR 2,321 million in 2019G to SAR 2,489 million in 2020G as a result of the increase in units sold from 71.2 million to 73.8 million units, accompanied by an increase in the average revenue per unit sold from SAR 32.6 to SAR 33.7 during the same period. This increase is mainly attributable to the increase in revenue from the department of chronic medications (by 19.9% from SAR 644.2 million in 2019G to SAR 772.0 million in 2020G) primarily resulting from the shift of customers from hospitals to pharmacies during the COVID pandemic period.

Medicine revenue decreased by 2.7% from SAR 1,257 million in the six-month period ended 30 June 2020G to SAR 1,222 million in the six-month period ended 30 June 2021G as a result of the drop in average revenue per unit sold from SAR 34.0 to SAR 33.0 per unit while the units sold remained stable at 37 million units during the same period. This decrease is mainly attributable to the decline in revenue from chronic medications (by 7.5% from SAR 396.4 million in the six-month period ended 30 June 2020G to SAR 366.5 million in the six-month period ended 30 June 2021G) driven by the decrease in revenue from cardiovascular medicines (SAR 22.5 million) and respiratory care (SAR 6.3 million) due to the historical high sales recorded in 2020G as the COVID pandemic reached its peak. This decrease is also attributable to the decline in revenue from acute medications (by 5.5% from SAR 229.9 million in the six-month period ended 30 June 2020G to SAR 217.2 million in the six-month period ended 30 June 2021G) stemming from the medicines of hormones (SAR 6.5 million) and nervous system (SAR 3.1 million).

Beauty

Beauty pertains to product sales related to skin care, cosmetics and hair care which represented 17.0% as an average % of revenue from 2018G to 2020G and 17.1% during the six-month period ended 30 June 2020G and 2021G. Beauty revenue increased by 11.0% from SAR 1,235 million in 2018G to SAR 1,372 in 2019G as a result of the increase in units sold from 31.9 million to 35.2 million units while the average revenue per unit sold remained stable at an average of SAR 39 during the same period. This increase is mainly attributable to the increase in revenue from the department of skin care (by 13.0% from SAR 525.6 million in 2018G to SAR 593.8 million SAR in 2019G) due to:

- The increase in units sold by 1.8 million units as a result of the Group's strategy to promote Nahdi pharmacies as a beauty destination.
- The drop in average revenue per unit sold from SAR 59.1 to SAR 55.6.
- The Group's success in promoting the big and distinguished pharmacies as a preferred shopping destination for women in the Kingdom.

This increase is also attributable to the increase in revenue from the department of cosmetics (by 25.3% from SAR 203.4 million in 2018G to SAR 255.0 million in 2019G) due to the increase in revenue from cosmetic accessories (SAR 46.9) in line with the Group's strategy to promote Nahdi pharmacies as a beauty destination.

Beauty revenue increased by 5.3% from SAR 1,372 million in 2019G to SAR 1,444 million in 2020G as a result of the increase in units sold from 35.2 million to 37.8 million units, offset by the decrease in average revenue per unit sold from SAR 39.0 to SAR 38.3 during the same period. This increase is mainly attributable to the increase in the revenue from the department of skin care (by 8.6% from SAR 593.8 million in 2019G to SAR 645.0 million in 2020G).

Beauty revenue decreased by 14.2% from SAR 789.8 million in the six-month period ended 30 June 2020G to SAR 677.4 million in the six-month period ended 30 June 2021G as a result of the decrease in units sold from 20.5 million to 17.6 million units, while the average revenue per unit sold remained stable at SAR 38 during the same period. This decrease is mainly attributable to the decline in revenue from the department of skin care (by 19.7% from SAR 363.0 million in the six-month period ended 30 June 2020G to SAR 291.4 million in the six- month period ended 30 June 2021G).

Wellness

Wellness pertains to product sales related to home health care, diabetic care and health food which represented 13.7% as an average % of revenue from 2018G to 2020G and 15.1% during the six-month period ended 30 June 2020G and 2021G. Wellness revenue increased by 3.0% from SAR 946.8 million in 2018G to SAR 975.6 million in 2019G as a result of the increase in units sold from 20.8 million to 21.3 million units, while the average revenue per unit sold remained stable at an average of SAR 46 during the same period. This increase is attributable to the increase in revenue from the department of home health care (by 4.5% from SAR 265.3 million in 2018G to SAR 277.2 million in 2019G) mainly driven by the expansion of private label brands, in addition to the increase in the revenue from the department of diabetic care (by 6.9% from SAR 157.1 million in 2018G to SAR 167.9 million Saudi Riyals in 2019G).

Wellness revenue increased by 38.4% from SAR 975.6 million in 2019G to SAR 1,350 million in 2020G as a result of the increase in units sold from 21.3 million to 77.1 million units, offset by the decrease in average revenue per unit sold from SAR 45.8 to SAR 17.5 during the same period. This increase is attributed to the increase in revenue from the department of home health care (by 59.9% from SAR 277.2 million in 2019G to SAR 443.1 million in 2020G) due to selling additional 51.4 million units of face masks directly related to the COVID pandemic. The average revenue per unit sold decreased due to the change in case size of the units sold, from box to piece, to comply with SFDA regulations.

Wellness revenue decreased by 8.9% from SAR 675.6 million in the six-month period ended 30 June 2020G to SAR 615.3 million in the six-month period ended 30 June 2021G as a result of the decrease in units sold from 57.1 million to 14.1 million units, offset by the increase in average revenue per unit sold from SAR 11.8 to SAR 43.6 during the same period. This decrease is mainly attributable to the decline in revenue from the department of home health care (by 24.7% from SAR 230.9 million in the six-month period ended 30 June 2020G to SAR 173.8 million in the six-month period ended 30 June 2021G) as a result of the decrease in the units sold of face masks by 42.6 million units due to the reclassification of unit case size from piece to box and the drop in demand.

FMCG

FMCG pertains to product sales related to personal care, oral care and bath and body which represented 9.2% as an average % of revenue from 2018G to 2020G and 9.5% during the six-month period ended 30 June 2020G to 30 June 2021G. FMCG revenue increased by 4.7% from SAR 665.1 million in 2018G to SAR 696.7 million in 2019G as a result of the increase in units sold from 33.6 million units to 34.9 million units, while the average revenue per unit sold remained stable at SAR 20 during the same period. This increase is mainly attributable to the increase in revenue from the department of oral care (by 7.8% from SAR 237.7 million in 2018G to SAR 256.2 million in 2019G) mainly driven by the increase in product revenue from toothpastes (SAR 7.0 million) and the increase in product revenue from toothbrushes (SAR 6.1 million).

FMCG revenue increased by 20.6% from SAR 696.7 million in 2019G to SAR 840.5 million in 2020G as a result of the increase in units sold from 35 million units to 41.6 million units, while the average revenue per unit sold remained stable at an average of SAR 20 during the same period. This increase is attributable to the increase in revenue from the department of personal care (by 64.7% from SAR 129.0 million in 2019G to SAR 212.4 million in 2020G) due to the increase in revenue from hygienic and household products (SAR 78.8 million) impacted by the higher hygiene awareness during the COVID pandemic period whereby antiseptics subcategory witnessed a growth in revenue (SAR 78.0 million). This increase is also attributable to the increase in revenue from the department of bath and body (by 15.1%, from SAR 311.5 million in 2019G to SAR 358.5 million in 2020G) positively affected by the COVID pandemic and the increased consumer awareness which was reflected in the higher product revenue from hand wash and soap bars (SAR 18.9 million) as well as shower gel and body scrub (SAR 14.2 million).

FMCG revenue decreased by 26.3% from SAR 472.7 million in the six-month period ended 30 June 2020Gto SAR 348.5 million in the six-month period ended 30 June 2021G as a result of the decrease in units sold from 23.3 million units to 16.8 million units, while the average revenue per unit sold remained stable at SAR 20 during the same period. This decrease is attributable to the decline in revenue from the department of personal care (by 47.8% from SAR 132.3 million in the six-month period ended 30 June 2020G to SAR 69.0 million in the six-month period ended 30 June 2021G) driven by the historical high sales recorded in 2020G as the COVID pandemic reached its peak.

Others

Other revenue amounted to SAR 0.2 million in the six-month period ended 30 June 2020G and pertained to revenue which was reclassified between Nahdi Investment Company and Al Nahdi Medical Company. Other revenue amounted to SAR 2.1 million in the six-month period ended 30 June 2021G and represented accounting adjustments made on discounts and which were not allocated by division.

6.6.4 Revenue by channel

Table (6-10): Revenue by channel for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Al Nahdi Medical Company									
Brick and mortar revenue	7,294,276	7,557,367	7,958,390	3.6%	5.3%	4.5%	4,080,612	3,660,937	(10.3%)
Online revenue	55,727	266,944	678,449	379.0%	154.2%	248.9%	438,892	380,117	(13.4%)
Total revenue	**7,350,003**	**7,824,312**	**8,636,839**	**6.5%**	**10.4%**	**8.4%**	**4,519,504**	**4,041,054**	**(10.6%)**
As a % of revenue by division									
Brick and mortar revenue	99.2%	96.6%	92.1%	(2.7)	(4.4)	(7.1)	90.3%	90.6%	0.3
Online revenue	0.8%	3.4%	7.9%	2.7	4.4	7.1	9.7%	9.4%	(0.3)
Additional KPIs									
Units sold through brick and mortar channel in 000s	212,883	218,524	271,509	2.7%	24.2%	12.9%	157,297	104,698	(33.4%)
Units sold through online channel in 000s	1,108	4,818	18,220	334.9%	278.1%	305.5%	11,820	8,732	(26.1%)
Total units sold in 000s	**213,990**	**223,343**	**289,729**	**4.4%**	**29.7%**	**16.4%**	**169,117**	**113,429**	**(32.9%)**
Average revenue per unit sold (in SAR)									
Brick and mortar	34.3	34.6	29.3	0.9%	(15.2%)	(7.5%)	25.9	35.0	34.8%
Online	50.3	55.4	37.2	10.1%	(32.8%)	(14.0%)	37.1	43.5	17.2%
Total	**34.3**	**35.0**	**29.8**	**2.0%**	**(14.9%)**	**(6.8%)**	**26.7**	**35.6**	**33.3%**

Source: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

The Group operates through 2 main channels (i) brick and mortar (96.0% as an average % of total revenue from 2018G to 2020G and 90.4% during the six-month period ended 30 June 2020G and 2021G), and (2) online (4.0% as an average % of the Group's total revenue from 2018G to 2020G and 9.6% during the six-month period ended 30 June 2020G and 2021G).

Online revenue increased by 379.0% from SAR 55.7 million in 2018G to SAR 266.9 million in 2019G due to the increase in units sold from 1.1 million to 4.8 million units along with the increase in average revenue per unit sold from SAR 50.3 to SAR 55.4 over the same period. Online revenue further increased by 154.2% to SAR 678.4 million in 2020G driven by the increase in units sold to 18.2 million units while the average revenue per unit sold dropped to SAR 37.2 over the same period due to the change in product mix and the increase in promotions given during the COVID period to encourage customers to buy. This increase during 2019G and 2020G is attributable to the shift in costumers' behavior to shopping via online platform given the restrictions imposed during COVID, in addition to Nahdi's investment in this channel and the readiness of the electronic platform and its ability to cater for the increased demand.

Online revenue decreased by 13.4% from SAR 438.9 million in the six-month period ended 30 June 2020G to SAR 380.1 million in the six-month period ended 30 June 2021G due to the decrease in units sold from 11.8 million to 8.7 million units while the average revenue per unit sold increased from SAR 37.1 to SAR 43.5 over the same period as a result of the change in product mix.

6.6.5 Revenue by branches in the Kingdom

Table (6-11): Revenue by branches for the financial period ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Al Nahdi Medical Company									
Jeddah branch	2,016,004	2,096,993	2,336,836	4.0%	11.4%	7.7%	1,197,841	1,135,140	(5.2%)
Riyadh branch	1,528,543	1,691,109	2,022,428	10.6%	19.6%	15.0%	1,058,903	957,913	(9.5%)
Abha branch	1,276,655	1,355,229	1,488,367	6.2%	9.8%	8.0%	764,571	674,941	(11.7%)
Makkah al-Mukarramah and Taif branch	1,282,229	1,329,120	1,337,160	3.7%	0.6%	2.1%	717,202	606,740	(15.4%)
Medina branch	659,871	732,681	754,115	11.0%	2.9%	6.9%	403,530	346,660	(14.1%)
Dammam branch	547,150	597,537	690,037	9.2%	15.5%	12.3%	373,139	319,661	(14.3%)
Total pharmacy revenue	7,310,452	7,802,669	8,628,942	6.7%	10.6%	8.6%	4,515,185	4,041,054	(10.5%)
Medical equipment and other income	39,551	21,642	7,896	(45.3%)	(63.5%)	(55.3%)	4,318	-	na
Total	**7,350,003**	**7,824,312**	**8,636,839**	**6.5%**	**10.4%**	**8.4%**	**4,519,504**	**4,041,054**	**(10.6%)**
As a % of total pharmacy revenue				Ppt.					Ppt.
Jeddah branch	27.6%	26.9%	27.1%	(0.7)	0.2	(0.5)	26.5%	28.1%	1.6
Riyadh branch	20.9%	21.7%	23.4%	0.8	1.8	2.5	23.5%	23.7%	0.3
Abha branch	17.5%	17.4%	17.2%	(0.1)	(0.1)	(0.2)	16.9%	16.7%	(0.2)
Makkah al-Mukarramah and Taif branch	17.5%	17.0%	15.5%	(0.5)	(1.5)	(2.0)	15.9%	15.0%	(0.9)
Medina branch	9.0%	9.4%	8.7%	0.4	(0.7)	(0.3)	8.9%	8.6%	(0.4)
Dammam branch	7.5%	7.7%	8.0%	0.2	0.3	0.5	8.3%	7.9%	(0.4)
Number of pharmacies at period end					Percentage				Percentage
Jeddah branch	273	278	275	1.8%	(1.1%)	0.4%	268	280	4.5%
Riyadh branch	283	290	304	2.5%	4.8%	3.6%	291	311	6.9%
Abha branch	190	197	191	3.7%	(3.0%)	0.3%	189	193	2.1%
Makkah al-Mukarramah and Taif branch	183	180	171	(1.6%)	(5.0%)	(3.3%)	169	171	1.2%
Medina branch	116	114	108	(1.7%)	(5.3%)	(3.5%)	103	110	6.8%
Dammam branch	116	112	102	(3.4%)	(8.9%)	(6.2%)	100	105	5.0%

Source: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

Jeddah branch represented 27.2% as an average % of pharmacies sales from 2018G to 2020G and 27.3% during the six-month period ended 30 June 2020G and 2021G. Pharmacies revenue in Jeddah branch increased by 4.0% from SAR 2,016 million (273 pharmacies) in 2018G to SAR 2,097 million (278 pharmacies) in 2019G as a result of the increase in revenue from the 233 existing pharmacies, i.e. those that were opened before 2018G, from SAR 1,840 million in 2018G to SAR 1,868 million in 2019G. This growth also resulted from the ramp up and the full year impact of the pharmacies that were opened in 2018G (+SAR 63.2 million), and the impact of the pharmacies that were opened in 2019G (+SAR 25.3 million). This was offset by the decrease in revenue from the pharmacies that were closed in 2019G (-SAR 21.0 million) and 2018G (-SAR 13.8 million).

Pharmacies revenue in Jeddah branch increased by 11.4% from SAR 2,097 million (278 pharmacies) in 2019G to SAR 2,337 million (275 pharmacies) in 2020G whereby revenue from the 233 existing pharmacies increased from SAR 1,868 million in 2019G to SAR 1,996 million in 2020G. This growth also resulted from the pharmacies that were opened in 2020G (+SAR 79.3 million), and the pharmacies that were opened in 2019G (+SAR 67.4 million) and 2018G (+SAR 17.5 million) due to ramp up and full year impact. This was offset by the decrease in revenue from the pharmacies that were closed in 2019G (-SAR 32.3 million) and 2020G (-SAR 20.2 million).

Pharmacies revenue in Jeddah branch decreased by 5.2% from SAR 1,198 million (268 pharmacies) in the six-month period ended 30 June 2020G to SAR 1,135 million (280 pharmacies) in the six-month period ended 30 June 2021G as a result of the decrease in revenue from the 233 existing pharmacies from SAR 1,047 million in the six-month period ended 30 June 2020G to SAR 920.3 million in the six-month period ended 30 June 2021G. This decline also resulted from the pharmacies that were closed in the six-month period ended 30 June 2020G (-SAR 31.6 million), offset by the growth of the pharmacies that were opened in the six-month period ended 30 June 2020G (+SAR 78.0 million) and the pharmacies that were opened in the six-month period ended 30 June 2021G (+SAR 12.4 million).

Riyadh branch represented 22.0% as an average % of pharmacies sales from 2018G to 2020G and 23.6% during the six-month period ended 30 June 2020G and 2021G. Pharmacies revenue in Riyadh increased by 10.6% from SAR 1,529 million (283 pharmacies) in 2018G to SAR 1,691 million (290 pharmacies) in 2019G as a result of the increase in revenue from the 225 existing pharmacies, i.e. those that were opened before 2018G, from SAR 1,364 million in 2018G to SAR 1,426 million in 2019G. This growth also resulted from the ramp up and full year impact of the pharmacies that were opened in 2018G (+SAR 103.1 million) and the pharmacies that were opened in 2019G (+SAR 33.6 million), offset by the decrease in revenue from the pharmacies that were closed in 2019G (-SAR 21.0 million) and 2018G (-SAR 19.0 million).

Pharmacies revenue in Riyadh branch increased by 19.6% from SAR 1,691 million (290 pharmacies) in 2019G to SAR 2,022 million (304 pharmacies) in 2020G as a result of the increase in revenue from the 225 existing pharmacies from SAR 1,426 million in 2019G to SAR 1,548 million in 2020G. This growth also resulted from the ramp up and full year impact of the pharmacies that were opened 2019G (+SAR 115.4 million), the pharmacies that were opened in 2020G (+SAR 85.5 million) and 2018G (+SAR 40.8 million), offset by the decline in revenue from the pharmacies that were closed in 2019G (-SAR 19.4 million) and 2020G (-SAR 12.5 million).

It should be noted that the increase in revenue across the pharmacies in Riyadh is directly related to the Company's focus on expanding its network of pharmacies within this region and gaining market share therein.

Pharmacies revenue in Riyadh branch decreased by 9.5% from SAR 1,059 million (291 pharmacies) in the six-month period ended 30 June 2020G to SAR 957.9 million (311 pharmacies) in the six-month period ended 30 June 2021G as a result of the decrease in revenue from the 233 existing pharmacies from SAR 835.9 million in the six-month period ended 30 June 2020G to SAR 673.3 million in the six-month period ended 30 June 2021G. This decline also resulted from the pharmacies that were opened in 2018G (-SAR 16.7 million), the pharmacies that were closed in the six-month period ended 30 June 2020G (-SAR 13.3 million), and the six-month period ended 30 June 2021G (-SAR 10.0 million). This was offset by the growth of the pharmacies that were opened in the six-month period of 2020G (+SAR 61.9 million) due to ramp up, the pharmacies that were opened in the six-month period ended 30 June 2021G (+SAR 27.3 million) and 2019G (+SAR 12.5 million).

Abha branch represented 17.4% as an average % of pharmacies sales from 2018G to 2020G and 16.8% during the six-month period ended 30 June 2020G and 2021G. Pharmacies revenue in Abha branch increased by 6.2% from SAR 1,277 million (190 pharmacies) in 2018G to SAR 1,355 million (197 pharmacies) in 2019G as a result of the increase in revenue from the 170 existing pharmacies from SAR 1,213 million in 2018G to SAR 1,251 million in 2019G. This growth also resulted from the pharmacies that were opened in 2019G (+SAR 36.4 million) and the ramp up and full year impact of the pharmacies that were opened in 2018G (+SAR 12.8 million), offset by the decrease in revenue from the pharmacies that were closed in 2019G (-SAR 6.0 million) and 2020G (-SAR 1.5 million).

Pharmacies revenue in Abha branch increased by 9.8% from SAR 1,355 million (197 pharmacies) in 2019G to SAR 1,488 million (191 pharmacies) in 2020G, whereby revenue from the 170 existing pharmacies increased from SAR 1,251 million in 2019G to SAR 1,341 million in 2020G. This growth also resulted from the ramp up and full year impact of the pharmacies that were opened in 2019G (+SAR 46.8 million) and the pharmacies that were opened in 2020G (+SAR 9.8 million), offset by the decrease in revenue from the pharmacies that were closed in 2020G (-SAR 7.3 million) and 2019G (-SAR 7.2 million).

Pharmacies revenue in Abha branch decreased by 11.7% from SAR 764.6 million (189 pharmacies) in the six-month period ended 30 June 2020G to SAR 674.9 million (193 pharmacies) in the six-month period ended 30 June 2021G as a result of the decrease in revenue from the 170 existing pharmacies from SAR 690.3 million in the six-month period ended 30 June 2020G to SAR 600.5 million in the six-month period ended 30 June 2021G. This decline also resulted from the pharmacies that were closed in the six-month period ended 30 June 2020G (-SAR 13.3 million) and the six-month period ended 30 June 2021G (-SAR 2.0 million), offset by the growth of the pharmacies that were opened in the first half 2020 (+8.7 million Saudi riyals) due to ramp up and the pharmacies that were opened in the six-month period ended 30 June 2021G (+SAR 5.9 million).

Makkah al-Mukarramah and Taif branch represented 16.7% as an average % of pharmacies sales from 2018G to 2020G and 15.4% during the six-month period ended 30 June 2020G and 2021G. Pharmacies revenue in Makkah al-Mukarramah and Taif branch increased by 3.7% from SAR 1,282 million (183 pharmacies) in 2018G to SAR 1,329 million (180 pharmacies) in 2019G as a result of the increase in revenue from the 148 existing pharmacies from SAR 1,177 million in 2018G to SAR 1,202 million in 2019G. This growth also resulted from the ramp up and full year impact of the pharmacies that were opened in 2018G (+SAR 30.5 million) and the pharmacies that were opened in 2019G (+SAR 17.8 million), offset by the decrease in revenue from the pharmacies that were closed in 2019G (-SAR 22.7 million), 2020G (-SAR 1.4 million) and 2018G (-SAR 1.0 million).

Pharmacies revenue in Makkah al-Mukarramah and Taif branch increased by 6.0% from SAR 1,329 million (180 pharmacies) in 2019G to SAR 1,337 million (171 pharmacies) in 2020G as a result of the increase in revenue from the pharmacies that were opened in 2019G (+SAR 38.8 million) due to ramp up and full year impact. This growth also resulted from the pharmacies that were opened in 2020G (+SAR 7.8 million) and 2018G (+SAR 7.5 million), offset by the decrease in revenue from the 148 existing pharmacies, i.e. those that were opened before 2018G, from SAR 1,202 million in 2019G to SAR 1,187 million in 2020G, and the pharmacies that were closed in 2020G (-SAR 19.3 million) and 2019G (-SAR 11.4 million).

It should be noted that Haram pharmacies were negatively affected during the COVID pandemic.

Pharmacies revenue in Makkah al-Mukarramah and Taif branch decreased by 15.4% from SAR 717.2 million (169 pharmacies) in the six-month period ended 30 June 2020G to SAR 606.7 million (171 pharmacies) in the six-month period ended 30 June 2021G as a result of the decrease in revenue from the 148 existing pharmacies from SAR 637.1 million in the six-month period ended 30 June 2020G to SAR 532.8 million in the six-month period ended 30 June 2021G. This decline also resulted from the pharmacies that were closed in the six-month period ended 30 June 2020G (-SAR 14.5 million), the pharmacies that were opened in 2018G (-SAR 3.8 million) and the pharmacies that were closed in the six-month period ended 30 June 2021G (-SAR 2.5 million). This was offset by the growth of the pharmacies that were opened in the six-month period ended 30 June 2020G (+SAR 10.6 million) due to ramp up and the pharmacies that were opened in the six-month period ended 30 June 2021G (+SAR 3.5 million).

It is also worth noting the seasonality exhibited by the revenue of the pharmacies in Makkah Al-Mukarramah during Hajj and Ramadan periods due to the increase in visitors and pilgrims in addition to the seasonal promotions offered during those periods.

Medina branch represented 9.1% as an average % of pharmacies sales from 2018G to 2020G and 8.8% during the six-month period ended 30 June 2020G and 2021G. Pharmacies revenue in Medina branch increased by 11.0% from SAR 659.9 million (116 pharmacies) in 2018G to SAR 732.7 million (114 pharmacies) in 2019G as a result of the increase in revenue from the 85 existing pharmacies from SAR 559.4 million in 2018G to SAR 588.2 million in 2019G. This growth also resulted from the pharmacies that were opened in 2019G (+SAR 48.1 million) and the ramp up and full year impact of the pharmacies that were opened in 2018G (+SAR 23.4 million), offset by the decrease in revenue from the pharmacies that were closed in 2019G (-SAR 22.6 million) and 2018G (-SAR 4.4 million).

Pharmacies revenue in Medina branch increased by 2.9% from SAR 732.7 million (114 pharmacies) in 2019G to SAR 754.1 million (108 pharmacies) in 2020G as a result of the increase in revenue from the pharmacies that were opened in 2019G (+SAR 58.5 million) due to ramp up and full year impact. This growth also resulted from the pharmacies that were opened in 2020G (+SAR 20.4 million), offset by the decrease in revenue from the 85 existing pharmacies, i.e. those that were opened before 2018G, from SAR 588.2 million in 2019G to SAR 567.8 million in 2020G, and the pharmacies that were closed in 2019G (-SAR 19.4 million) and 2020G (-SAR 15.7 million).

Pharmacies revenue in Medina branch decreased by 14.1% from SAR 403.5 million (103 pharmacies) in the six-month period ended 30 June 2020G to SAR 346.7 million (110 pharmacies) in the six-month period ended 30 June 2021G as a result of the decrease in revenue from the 85 existing pharmacies, i.e. those that were opened before 2018G, from SAR 312.7 million in the six-month period ended 30 June 2020G to SAR 248.1 million in the six-month period ended 30 June 2021G. This decline also resulted from the pharmacies that were closed in the six-month period ended 30 June 2020G (-SAR 14.1 million), the pharmacies that were opened in 2019G (-SAR 3.2 million), the pharmacies that were closed in the six-month period ended 30 June 2021G (-SAR 2.3 million) and the pharmacies that were opened in 2018G (-SAR 1.7 million). This was offset by the growth of the pharmacies that were opened in the six-month period ended 30 June 2020G (+SAR 24.6 million) due to ramp up and the pharmacies that were opened in the six-month period ended 30 June 2021G (+SAR 4.5 million).

Dammam branch represented 7.7% as an average % of pharmacies sales from 2018G to 2020G and 8.1% during the six-month period ended 30 June 2020G and 2021G. Pharmacies revenue in Dammam branch increased by 9.2% from SAR 547.2 million (116 pharmacies) in 2018G to SAR 597.5 million (112 pharmacies) in 2019G as a result of the increase in the 86 existing pharmacies from 459.6 million SAR in 2018G to SAR 505.2 million in 2019G. This growth also resulted from the pharmacies that were opened in 2019G (+SAR 18.3 million), and the ramp up and full year impact of the pharmacies that were opened in 2018G (+SAR 9.2), offset by the decrease in revenue from the pharmacies that were closed in 2019G (-SAR 14.5 million) and 2018G (-SAR 9.0 million).

Pharmacies revenue in Dammam branch increased by 15.5% from SAR 597.5 million (112 pharmacies) in 2019G to SAR 690.0 million (102 pharmacies) in 2020G as a result of the increase in revenue from the 86 existing pharmacies from SAR 505.2 million 2019G to SAR 575.3 million in 2020G. This growth also resulted from the ramp up and full year impact of the pharmacies that were opened in 2019G (+SAR 34.1 million), the pharmacies that were opened in 2020G (+SAR 25.8 million) and the pharmacies that were closed in the six-month period ended 30 June 2021G (+SAR 2.3 million). This was offset by the decrease in revenue from the pharmacies that were closed in 2020G (-SAR 25.2 million) and 2019G (-SAR 13.5 million) and the pharmacies that were opened in 2018G (-SAR 1.1 million).

Pharmacies revenue in Dammam branch decreased by 14.3% from SAR 373.1 million (100 pharmacies) in the six-month period ended 30 June 2020G to SAR 319.7 million (105 pharmacies) in the six-month period ended 30 June 2021G as a result of the decrease in the 86 existing pharmacies, i.e. those that were opened before 2018G, from SAR 311.0 million in the six-month period ended 30 June 2020G to SAR 260.0 million in the six-month period ended 30 June 2021G. This decline also resulted from the pharmacies that were closed in the six-month period ended 30 June 2020G (-SAR 15.1 million) and the six-month period ended 30 June 2021G (-SAR 1.7 million), offset by the ramp up of the pharmacies that were opened in the six-month period ended 30 June 2020G (+SAR 8.3 million) and the pharmacies that were opened in the six-month period ended 30 June 2021G (+SAR 7.1 million).

Medical equipment and other income

Medical equipment and other income revenue decreased by 45.3% from SAR 39.6 million related to 8 showrooms distributed throughout the Kingdom of Saudi Arabia and dedicated to the sale of medical equipment especially to wholesalers in 2018G to SAR 21.6 million related to 7 showrooms in 2019G. Medical equipment and other income revenue further declined by 63.5% from SAR 21.6 million (7 showrooms) in 2019G to SAR 7.9 million (1 showroom) in 2020G. This decrease is attributable to the decision taken by the company as of 2018G, which stipulated the closure of the medical equipment showrooms due to (i) low / negative profitability and (ii) transfer of medical equipment from the showrooms to the existing pharmacies. The Group also decided to offer the large size equipment to its online platform.

Medical equipment and other income revenue decreased from SAR 4.3 million (1 showroom) in the six-month period ended 30 June 2020G to nil in the six-month period ended 30 June 2021G.

6.6.6 Cost of revenue

Table (6-12): Cost of revenue for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Cost of goods sold	4,459,689	4,718,388	5,110,740	5.8%	8.3%	7.1%	2,714,842	2,405,455	(11.4%)
Salaries and wages	-	5,350	18,734	na	250.2%	na	-	-	na
Depreciation on property and equipment	-	2,451	5,952	na	142.8%	na	2,283	4,919	115.5%
Provision for slow moving inventory	55,488	31,190	142,329	(43.8%)	356.3%	60.2%	12,000	(19,000)	(258.3%)
Costs of operated pharmacies	760,963	603,581	87,351	(20.7%)	(85.5%)	(66.1%)	85,221	-	(100.0%)
Other expenses	-	-	27,430	na	na	na	-	20,193	na
Total	**5,276,140**	**5,360,961**	**5,392,535**	**1.6%**	**0.6%**	**1.1%**	**2,814,346**	**2,411,568**	**(14.3%)**
As a % of revenue					**Ppt.**				**Ppt.**
Cost of goods sold	60.7%	60.3%	59.1%	(0.4)	(1.2)	(1.5)	60.1%	59.4%	(0.7)

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Salaries and wages	0.0%	0.1%	0.2%	0.1	0.1	0.2	0.0%	0.0%	-
Depreciation on property and equipment	0.0%	0.0%	0.1%	0.0	0.0	0.1	0.1%	0.1%	0.1
Provision for slow moving inventory	0.8%	0.4%	1.6%	(0.4)	1.2	0.9	0.3%	(0.5%)	(0.7)
Costs of operated pharmacies	10.4%	7.7%	1.0%	(2.6)	(6.7)	(9.3)	1.9%	0.0%	(1.9)
Other expenses	0.0%	0.0%	0.3%	-	0.3	0.3	0.0%	0.5%	0.5
Total	**71.8%**	**68.5%**	**62.4%**	**(3.3)**	**(6.1)**	**(9.4)**	**62.3%**	**59.5%**	**(2.7)**

Source: Audited consolidated financial statements for the financial years ended 31 December 2018G, 2019G and 2020G and Management information for the six-month period ended 30 June 2020G and 2021G.

KPIs: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

* Represents employees headcount in the operated pharmacies.

Cost of revenue increased by 1.6% from SAR 5,276 million in 2018G to SAR 5,361 million in 2019G as a result of the increase in cost of goods sold, subsequently remained stable at SAR 5,393 million in 2020G. Cost of revenue decreased by 14.3% from SAR 2,814 million in the six-month period ended 30 June 2020G to SAR 2,412 million in the six-month period ended 30 June 2021G mainly due to the decrease in cost of goods sold.

Cost of goods sold

Cost of goods sold comprised of cost of goods sold and trade discounts.

Cost of goods sold increased by 5.8% from SAR 4,460 million in 2018G to SAR 4,718 million in 2019G mainly due to the increase in cost of goods sold from mom & baby products (SAR 100 million), medicine products (SAR 95.8 million) and beauty products (SAR 71.6 million riyals) in line with the growth in revenue whereby average cost per unit remained relatively stable at SAR 21 per unit.

Cost of goods sold increased by 8.3% from SAR 4,718 million in 2019G to SAR 5,111 million in 2020G due to the increase in cost of goods sold from wellness products (SAR 229.7 million), medicine products (SAR 119.7 million) and FMCG products (SAR 98 million) in line with the increase in revenue.

Cost of goods sold decreased by 11.4% from SAR 2,715 million in the six-month period ended 30 June 2020G to SAR 2,406 million in the six-month period ended 30 June 2021G due to the decrease in cost of goods sold from mom & baby products (-SAR 113.8 million), FMCG products (-SAR 84.2 million) and beauty products (SAR 72.3 million) in line with revenue.

Salaries and wages

Salaries and wages related to the salaries and wages of employees in Nahdi Clinics which increased by 250.2% from SAR 5.4 million in 2019G to SAR 18.7 million in 2020G as a result of the increase in salaries and wages in Nahdi Clinics (SAR 11.3 million) due to the full year effect of the opening of the first clinic in 2019G.

Depreciation on property and equipment

Depreciation on property and equipment related Nahdi Clinics, increased by 142.8% from SAR 2.5 million in 2019G to SAR 5.9 million in 2020G due to the increase in property and equipment.

Depreciation on property and equipment increased from SAR 2.3 million in the six-month period ended 30 June 2020G to SAR 4.9 million in the six-month period ended 30 June 2021G due to the increase in property and equipment.

Provision for slow moving inventory

Provision for slow moving inventory decreased by 43.8% from SAR 55.5 million in 2018G to SAR 31.2 million in 2019G primarily driven by the decrease in inventory provision (SAR 24.8 million) due to lower system generated provision which were partially offset by the provisions recorded for private and non-private label brands.

Provision for slow moving inventory increased by 356.3% from SAR 31.2 million in 2019G to SAR 142.3 million in 2020G due to additional provisions booked by the Group and which related to inventory for COVID-related protective equipment during the COVID pandemic as a result of the slower expected sales. Accordingly, provision for slow moving inventory as a % of revenue decreased from 0.8% in 2018G to 0.4% in 2019G, then increased to 1.6% in 2020G.

In the six-month period ended 30 June 2021G, the Group recorded a reversal of inventory amounting to SAR 31.0 million related to protective equipment due to change in sales indicator in addition to the improvement in the Group's sales than what was expected.

Costs of operated pharmacies

Costs of operated pharmacies related to the cost incurred under the agent principal agreement based on which the Group started acquiring the commercial registers ("**CR**") of third-party shareholders (agents) who acted as sponsors of pharmacies following the MoH regulation to restrict companies from owning more than 30 pharmacies under one commercial registration.

Costs of operated pharmacies decreased by 20.7% from SAR 761.0 million in 2018G to SAR 603.6 million in 2019G due to:

- The decrease in other expenses related to investors (-SAR 255.9 million) following the adoption of IFRS 16 which resulted in the reclassification of the rent expenses under costs of operated pharmacies to right of use - depreciation under selling and distribution expenses; partially offset by
- The increase in salaries and employees' benefits (+SAR 62.6 million) in line with the opening of new pharmacies and the increase in the number of employees.

Costs of operated pharmacies decreased by 85.5% from SAR 603.6 million in 2019G to SAR 87.4 million in 2020G due to the fact that by the end of 2019G, the MoH lifted the restrictions previously imposed allowing unlimited ownership of pharmacies. Consequently, Nahdi KSA started transferring the licenses to its legal entity and the related costs were reclassified from cost of revenue to selling and distribution expenses.

Costs of operated pharmacies decreased by 100% from SAR 85.2 million in the six-month period ended 30 June 2020G to nil in the six-month period ended 30 June 2021G due to the reclassification of costs operated pharmacies from cost of revenue to selling and distribution expenses.

Other expenses

Other expenses amounted to SAR 27.4 million in 2020G and represented miscellaneous expenses related to Nahdi Care and Sakhaa Golden Company.

6.6.7 Gross profit by entity

Table (6-13): Gross profit by entity for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Al Nahdi Medical Company revenue	2,073,863	2,471,308	3,271,733	19.2%	32.4%	25.6%	1,707,737	1,651,671	(3.3%)
Nahdi Investment Company revenue	-	39	263	na	577.0%	na	32	75	133.7%
Al Nahdi Care revenue	-	(7,633)	(25,760)	na	237.5%	na	(1,599)	(15,164)	848.4%
Sakhaa Golden Company revenue	-	-	1,416	na	na	na	-	3,097	na
Eliminations and reclassifications	-	-	2,020	na	na	na	-	-	na
Total	**2,073,863**	**2,463,713**	**3,249,672**	**18.8%**	**31.9%**	**25.2%**	**1,706,170**	**1,639,679**	**(3.9%)**

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
As a % of the entity's revenue					Ppt.				Ppt.
Al Nahdi Medical Company revenue	28.2%	31.6%	37.9%	3.4	6.3	9.7	37.8%	40.9%	3.1
Nahdi Investment Company revenue	na	37.9%	32.6%	na	(5.3)	na	11.3%	8.2%	(3.1)
Al Nahdi Care revenue	na	(2941.1%)	(314.5%)	na	2,626.5	na	(219.5%)	(112.3%)	107.2%
Sakhaa Golden Company revenue	na	na	2.6%	na	na	na	na	2.7%	na

Source: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

6.6.8 Gross profit by channel

Table (6-14): Gross profit by channel for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Al Nahdi Medical Company									
Brick and mortar gross profit	2,061,014	2,408,842	3,027,752	16.9%	25.7%	21.2%	1,550,244	1,520,786	(1.9%)
Online gross profit	12,849	62,465	243,981	386.1%	290.6%	335.8%	157,493	130,884	(16.9%)
Total gross profit	**2,073,863**	**2,471,307**	**3,271,733**	**19.2%**	**32.4%**	**25.6%**	**1,707,737**	**1,651,671**	**(3.3%)**
Gross margin									
Brick and mortar gross profit	28.3%	31.9%	38.0%	3.6	6.2	9.8	38.0%	41.5%	3.6
Online gross profit	23.1%	23.4%	36.0%	0.3	12.6	12.9	35.9%	34.4%	(1.5)
Total gross profit	**28.2%**	**31.6%**	**37.9%**	**3.4**	**6.3**	**9.7**	**37.8%**	**40.9%**	**3.1**

Source: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

Online gross profit increased by 386.1% from SAR 12.8 million in 2018G to SAR 62.5 million in 2019G in line with the increase in revenue in the same period (+SAR 211.2 million). Online gross profit also increased by 290.6% to SAR 244.0 million in 2020G in line with the increase in revenue in the same period (+SAR 411.5 million) in addition to the reclassification of costs of operated pharmacies in 2020G from cost of revenue to selling and distribution expenses and change in product mix. These costs were classified based on online sales.

Online gross profit decreased by 16.9% from SAR 157.5 million in the six-month period ended 30 June 2020G to SAR 130.9 million in the six-month period ended 30 June 2021G in line with the decrease in revenue in the same period (-SAR 58.8 million).

It should be noted that online gross profit margin from 2018G to 2020G and during the six-month period ended 30 June 2020G and 2021G was less than brick and mortar gross profit margin due to product mix and increased promotions. Online gross profit margin amounted to 34.4% compared to 41.5% for brick and mortar gross profit margin during the six-month period ended 30 June 2021G.

6.6.9 Other income, net

Table (6-15): Other income, net for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Recovery of operating pharmacy costs / reversal of accrued expenses	-	9,853	14,544	na	47.6%	na	2,731	2,300	(15.8%)
Income from deposits	-	6,379	5,446	na	(14.6%)	na	5,294	-	(100.0%)
Scrap sale of inventory	1,215	1,678	1,643	38.1%	(2.1%)	16.3%	588	391	(33.5%)
Rental income	3,431	3,769	1,464	9.9%	(61.2%)	(34.7%)	1,762	1,098	(37.7%)
Profits (losses) from property disposal	(34,254)	(2,259)	1,126	(93.4%)	(149.8%)	na	-	4	na
Other income	8,931	7,182	7,235	(19.6%)	0.7%	(10.0%)	654	2,521	285.6%
Total	**(20,678)**	**26,602**	**31,458**	**(228.7%)**	**18.3%**	**na**	**11,029**	**6,313**	**(42.8%)**
As a % of revenue					**Ppt.**				**Ppt.**
Recovery of operating pharmacy costs / reversal of accrued expenses	0.0%	0.1%	0.2%	0.1	0.0	0.2	0.1%	0.1%	(0.0)
Income from deposits	0.0%	0.1%	0.1%	0.1	0.0	0.1	0.1%	0.0%	(0.1)
Scrap sale of inventory	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%	0.0%	(0.0)
Rental income	0.0%	0.0%	0.0%	0.0	0.0	0.0	0.0%	0.0%	(0.0)
Profits (losses) from property disposal	(0.5%)	0.0%	0.0%	0.4	0.0	0.5	0.0%	0.0%	0.0
Other income	0.1%	0.1%	0.1%	0.0	0.0	0.0	0.0%	0.1%	0.0
Total	**(0.3%)**	**0.3%**	**0.4%**	**0.6**	**0.0**	**0.6**	**0.2%**	**0.2%**	**(0.1)**

Source: Audited consolidated financial statements for the financial years ended 31 December 2018G, 2019G and 2020G and Group information for the six-month period ended 30 June 2020G and 2021G.

KPIs: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

Other income, net increased from -SAR 20.7 million in 2018G to SAR 31.5 million in 2020G and decreased by 42.8% from SAR 11.0 million in the six-month period ended 30 June 2020G to SAR 6.3 million in the six-month period ended 30 June 2021G.

Recovery of operating pharmacy costs / reversal of accrued expenses

Recovery of operating pharmacy costs / reversal of accrued expenses pertained mainly to revenue generated from the reversal of certain accrued expenses.

This income increased from nil in 2018G to SAR 9.9 million in 2019G of which SAR 7.2 million related to payments made to the MoL and which was refunded in 2019G. The recovery of this category further increased by 47.6% to SAR 14.5 million in 2020G as a result of compensations to the investors of operated pharmacies which related to prior years' expenses.

This income recorded an average of SAR 2.5 million in the six-month period ended 30 June 2020G and the six-month period ended 30 June 2021G.

Income from deposits

Income from deposits related income from short-term deposits, increased from nil in 2018G to SAR 6.4 million in 2019G due to the collection of a balance receivable from a customer which was written-off during 2015G. The decrease in income from deposits by 14.6% to SAR 5.5 million in 2020G related to the Group's income from time deposits which was reclassified from finance income to other income, net during the same period.

Income from deposits decreased from SAR 5.3 million in the six-month period ended 30 June 2020G to nil in the six-month period ended 30 June 2021G as short-term deposits matured.

Scrap sale of inventory

Scrap sale of inventory mainly represented the sale of wooden pallets used in distribution centers, remained relatively stable at an average of SAR 1.5 million from 2018G to 2020G.

Scrap sale of inventory remained relatively stable at an average of SAR 0.5 million during the six-month period ended 30 June 2020G and the six-month period ended 30 June 2021G.

Rental income

Rental income related to (i) sub-leasing commercial spaces from the leased head office building and (ii) sub-leasing storage space within the Company's distribution center. Rental income remained relatively stable at an average of SAR 3.6 million in 2018G and 2019G, subsequently decreased by 61.2% from SAR 3.8 million in 2019G to SAR 1.5 million in 2020G as a company that was renting storage spaces within one of the distribution centers vacated the leased space at the end of 2019G.

Rental income in the six-month period ended 30 June 2020G and the six-month period ended 30 June 2021G related to sub-leasing commercial spaces in the ground floor of the leased head office building, decreased by 37.7% from SAR 1.8 million in the six-month period ended 30 June 2020G to SAR 1.1 million in the six-month period ended 30 June 2021G.

Profits (losses) from property disposal

Profits (losses) from property disposal increased by 93.4% from a loss of -SAR 34.3 million in 2018G to a loss of -SAR 2.3 million in 2019G due to the write-off of a portion of Imdad project which was transferred to the municipality, further increased to a profit of SAR 1.1 million in 2020G related to disposal of property and equipment.

Other income

Other income comprised of miscellaneous income, represented 0.1% of revenue in 2018G, 2019G and 2020G and maintained an average of SAR 7.8 million over the same period. Other income increased by 285.6% from SAR 654 thousand during the six-month period ended 30 June 2020G to SAR 2.5 million during the six-month period ended 30 June 2021G as a result of collecting a claimed balance of SAR 1.8 million from an insurance company.

6.6.10 Selling and distribution expenses

Table (6-16): Selling and distribution expenses for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Salaries and employees' benefits	631,958	612,566	1,117,410	(3.1%)	82.4%	33.0%	493,857	595,047	20.5%
Right of use - depreciation	-	334,450	340,512	na	1.8%	na	177,701	185,410	4.3%
Depreciation and amortization	111,845	122,274	125,253	9.3%	2.4%	5.8%	61,265	70,160	14.5%
Advertising and promotion	50,598	45,449	75,687	(10.2%)	66.5%	22.3%	29,809	26,915	(9.7%)

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Attestation of governmental expenses	26,681	34,142	65,164	28.0%	90.9%	56.3%	24,244	39,918	64.7%
Utilities	19,227	19,265	47,787	0.2%	148.1%	57.7%	16,637	24,000	44.3%
Loading and packing expenses	26,383	25,725	29,450	(2.5%)	14.5%	5.7%	31,356	8,879	(71.7%)
Repair and maintenance	12,499	10,843	28,915	(13.3%)	166.7%	52.1%	11,939	18,267	53.0%
Rent of sales outlets	164,140	10,887	10,320	(93.4%)	(5.2%)	(74.9%)	3,666	6,000	63.7%
Communications	2,780	2,148	5,847	(22.7%)	172.2%	45.0%	2,747	2,756	0.3%
Entertainment	4,350	5,306	3,004	22.0%	(43.4%)	(16.9%)	1,434	2,165	51.0%
Other expenses	45,397	104,172	138,204	129.5%	32.7%	74.5%	42,941	31,870	(25.8%)
Total	**1,095,859**	**1,327,228**	**1,987,553**	**21.1%**	**49.8%**	**34.7%**	**897,594**	**1,011,387**	**12.7%**
As a % of revenue					Ppt.				Ppt.
Salaries and employees' benefits	8.6%	7.8%	12.9%	(0.8)	5.1	4.3	10.9%	14.7%	3.8
Right of use - depreciation	0.0%	4.3%	3.9%	4.3	(0.3)	3.9	3.9%	4.6%	0.6
Depreciation and amortization	1.5%	1.6%	1.4%	0.0	(0.1)	(0.1)	1.4%	1.7%	0.4
Advertising and promotion	0.7%	0.6%	0.9%	(0.1)	0.3	0.2	0.7%	0.7%	0.0
Attestation of governmental expenses	0.4%	0.4%	0.8%	0.1	0.3	0.4	0.5%	1.0%	0.4
Utilities	0.3%	0.2%	0.6%	0.0	0.3	0.3	0.4%	0.6%	0.2
Loading and packing expenses	0.4%	0.3%	0.3%	0.0	0.0	0.0	0.7%	0.2%	(0.5)
Repair and maintenance	0.2%	0.1%	0.3%	0.0	0.2	0.2	0.3%	0.5%	0.2
Rent of sales outlets	2.2%	0.1%	0.1%	(2.1)	0.0	(2.1)	0.1%	0.1%	0.1
Communications	0.0%	0.0%	0.1%	0.0	0.0	0.0	0.1%	0.1%	0.0
Entertainment	0.1%	0.1%	0.0%	0.0	0.0	0.0	0.0%	0.1%	0.0
Other expenses	0.6%	1.3%	1.6%	0.7	0.3	1.0	0.9%	0.8%	(0.2)

Source: Audited consolidated financial statements for the financial years ended 31 December 2018G, 2019G and 2020G and Group information for the six-month period ended 30 June 2020G and 2021G.

KPIs: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

Selling and distribution expenses increased at a CAGR of 34.7% in the financial period 2018-2020 from SAR 1,096 million in 2018G to SAR 1,988 million in 2020G and increased by 12.7% from SAR 897.6 million in the six-month period ended 30 June 2020G to SAR 1,011 million in the six-month period ended 30 June 2021G. At the end of 2019G, the MoH lifted the previously imposed restrictions related to the number of pharmacies owned per one owner, allowing the ownership of an unlimited number of pharmacies which led to the reclassification of costs of operated pharmacies in 2020G from cost of revenue to selling and distribution expenses.

Salaries and employees' benefits

This category mainly relates to the salaries of employees working in the pharmacies and includes the salaries of the workers in the distribution centers, maintenance, and delivery.

Employee costs of newly opened pharmacies are included under costs of operated pharmacies. Taking into account the total employee costs for the period between 2018G and 2020G, one can note that employee costs are increasing due to the opening of new pharmacies.

Salaries and employees' benefits decreased by 3.1% in 2019G and reached SAR 612.6 million due to the drop in overtime pay after adjusting the Group's internal policy in addition to the drop in certain incentives. This was partially offset by the increase in headcount from 6,506 in 2018G to 6,754 in 2019G. Consequently, salaries and employees' benefits as a % revenue decreased from 8.6% in 2018G to 7.8% in 2019G.

Salaries and employees' benefits increased by 82.4% from SAR 612.6 million in 2019G to SAR 1,117 million in 2020G due to the reclassification of employee costs for operated pharmacies (from cost of revenue to selling and distribution expenses). The increase in salaries and employees' benefits in 2020G was also attributable to an additional one-month salary given to all licensed pharmacists and workers in the pharmacies as acknowledgment of their efforts during the COVID pandemic.

Salaries and employees' benefits increased by 20.5% from SAR 493.9 million in the six-month period ended 30 June 2020G to SAR 595.1 million in the six-month period ended 30 June 2021G mainly due to the increase in headcount (from 10,904 to 11,012) in addition to increments distributed to the employees in the six-month period ended 30 June 2021G and the reclassification of employee costs under costs of operated pharmacies (from cost of revenue to selling and distribution expenses).

Right of use – depreciation

Right of use – depreciation of the rented pharmacies amounted to SAR 334.5 million in 2019G following the adoption of IFRS16, slightly increased by 1.8% to SAR 340.5 million in 2020G.

Right of use – depreciation increased by 4.3% from SAR 177.7 million in the six-month period ended 30 June 2020G to SAR 185.4 million in the six-month period ended 30 June 2021 with the increase of investment properties along with the opening of new pharmacies in the six-month period ended 30 June 2021G.

Depreciation and amortization

This category mainly represents depreciation on property and equipment in the pharmacies, increased by 9.3% from SAR 111.9 million in 2018G to SAR 122.3 million in 2019G attributable to depreciation on the new pharmacies that were opened in 2018G and 2019G. Depreciation amounted to SAR 125.3 million in 2020G due to the continuous depreciation on property and equipment.

Depreciation and amortization increased by 14.5% from SAR 61.3 million in the six-month period ended 30 June 2020G to SAR 70.2 million in the six-month period ended 30 June 2021G due to an increase in decorations with the opening of new pharmacies in the six-month period ended 30 June 2021G.

Advertising and promotion

Advertising and promotion expenses represented 3.9% as an average % of selling and distribution expenses in 2018G, 2019G and 2020G and mainly related to promotional spending on (i) online advertisements, (ii) print media or on display materials within the pharmacies and (iii) outdoor advertisements.

Advertising and promotion expenses decreased by -10.2% from SAR 50.6 million in 2018G to SAR 45.5 million in 2019G due to lower spending on product development (private label brands in specific).

Advertising and promotion expenses increased by 66.5% from SAR 45.5 million in 2019G to SAR 75.7 in 2020G driven by (i) MoH contribution (amounting to SAR 10 million) during COVID pandemic and (ii) increased investment on online marketing.

Advertising and promotion expenses decreased by -9.7% from SAR 29.8 million in the six-month period ended 30 June 2020G to SAR 26.9 million in the six-month period ended 30 June 2021G mainly due to the MoH contribution provided in the six-month period ended 30 June 2020G, partly offset by the increase in advertising and promotional expenses related to pharmacies and product development expenses.

Attestation of governmental expenses

Attestation of governmental expenses mainly related to work permits, governmental fees, license fees for pharmacists, iqama and visa expenses in addition to other governmental expenses.

Attestation of governmental expenses increased by 28.0% from SAR 26.7 million in 2018G to SAR 34.1 million in 2019G due to the increase in work permits and pharmacies licenses in line with the increase in headcount and opening of new pharmacies in both 2018G and 2019G.

Attestation of governmental expenses increased by 90.9% from SAR 34.1 million in 2019G to SAR 65.2 million in 2020G as a result of the reclassification of attestation of governmental expenses for operated pharmacies.

Attestation of governmental expenses increased by 64.7% from SAR 24.2 million in the six-month period ended 30 June 2020G to SAR 39.9 million in the six-month period ended 30 June 2021G primarily impacted by the reclassification of costs of operated pharmacies coupled with the increase in headcount, opening of new pharmacies in the six-month period ended 30 June 2021G and advance payments made to renew the iqamas of expatriate employees.

Utilities

Utilities mainly related to electricity and water expenses incurred within the pharmacies and distribution centers.

Utilities expenses remained stable in 2018G and 2019G at an average of SAR 19 million.

Utilities expenses increased by 148.1% from SAR 19.3 million in 2019G to SAR 47.8 million in 2020G as a result of the reclassification of costs of operated pharmacies from cost of revenue to selling and distribution expenses.

Utilities expenses increased by 44.3% from SAR 16.6 million in the six-month period ended 30 June 2020G to SAR 24 million in the six-month period ended 30 June 2021G mainly due to the increase in electricity expenses (SAR 7.3 million).

Loading and packing expenses

Loading and packing expenses decreased by -2.5% from SAR 26.4 million in 2018G to SAR 25.7 million in 2019G due to the decrease in packing expenses (-SAR 908 thousand).

Loading and packing expenses increased by 14.5% from SAR 25.7 million in 2019G to SAR 29.5 million in 2020G due to the increase in costs incurred for the distribution and delivery of products sold over the internet in during COVID period (+SAR 15.1 million) in addition to the reclassification of moving expenses (SAR 22.8 million in 2019G) from selling and distribution expenses to cost of revenue.

Loading and packing expenses decreased by 71.7% from SAR 31.4 million in the six-month period ended 30 June 2020G to SAR 8.9 million in the six-month period ended 30 June 2021G mainly on the back of the distribution expenses incurred for third parties to accommodate the high levels of online orders in the six-month period ended 30 June 2020G during the COVID pandemic.

Repair and maintenance

Repair and maintenance expenses mainly related to software maintenance, consumables, maintenance of sign boards, cleaning supplies and other miscellaneous maintenance expenses.

Repair and maintenance expenses slightly decreased by 13.3% from SAR 12.5 million in 2018G to SAR 10.8 million in 2019G due to the decrease in maintenance charges (-SAR 481 thousand), offset by the increase in software maintenance expenses incurred (+SAR 609 thousand) following the migration to cloud systems.

Repair and maintenance expenses increased by 166.7% from SAR 10.8 million in 2019G to SAR 28.9 million in 2020G due to the reclassification of costs of operated pharmacies in 2020G from cost of revenue to selling and distribution expenses.

Repair and maintenance expenses increased by 53.0% from SAR 11.9 million in the six-month period ended 30 June 2020G to SAR 18.3 million in the six-month period ended 30 June 2021G mainly driven by the increase in software and hardware maintenance expenses (+SAR 6.4 million) due to the reclassification of costs of operated pharmacies from cost of revenue to selling and distribution expenses.

Rent of sales outlets

Rent of sales outlets mainly represent the rent charges incurred in relation to pharmacies. Rent of sales outlets expenses decreased by 93.4% from SAR 164.1 million in 2018G to SAR 10.9 million in 2019G due to the adoption of IFRS 16 in 2019G.

Rent of sales outlets expenses incurred in 2019G (SAR 10.9 million) and 2020G (SAR 10.3 million) related to the properties that were not subject to IFRS16 due to the contract term being less than one year and the rental value being less than materiality threshold required to adopt the standard. Accordingly, rent of sales outlets expenses increased from SAR 3.7 million in the six-month period ended 30 June 2020G to SAR 6.0 million in the six-month period ended 30 June 2021G (+SAR 2.3 million) as a result of the increase in the number of new pharmacies.

Communications

Communications expenses mainly related to expenses incurred on mail, email and telephone.

Communications expenses decreased by 22.7% from SAR 2.8 million in 2018G to SAR 2.2 million in 2019G mainly driven by the decrease in email and IT-related expenses (-SAR 524 thousand).

Communications expenses increased by 172.2% from SAR 2.2 million in 2019G to SAR 5.9 million in 2020G mainly driven by the increase in IT related communication and telephone expenses due to remote working during the lockdown period resulting from the COVID pandemic in 2020G and the reclassification of costs of operated pharmacies from cost of revenue to selling and distribution expenses. Communications expenses remained relatively stable at SAR 2.7 million in the six-month period ended 30 June 2020G and 2021G.

Entertainment

Entertainment expenses primarily related to expenses incurred for the Group's business meetings, occasions and employee entertainment events. Entertainment expenses increased by 22.0% from SAR 4.4 million in 2018G to SAR 5.3 million in 2019G due to employee entertainment related expenses (+SAR 753 thousand).

Entertainment expenses decreased by 43.4% from SAR 5.3 million in 2019G to SAR 3.0 million in 2020G largely impacted by COVID pandemic.

Entertainment expenses increased by 51.0% from SAR 1.4 million in the six-month period ended 30 June 2020G to SAR 2.2 million in the six-month period ended 30 June 2021G mainly attributable to the low levels of entertainment expenses incurred as a result of the absence of meetings and gatherings in light of the COVID pandemic in 2020G.

Other expenses

Other expenses mainly consisted of miscellaneous expenses such as profit sharing and commissions related to the operated pharmacies, provider pharmacy commissions (commissions paid to clinics / hospitals as a % of revenue generated from the pharmacy located in their premises), provision for closing pharmacies, car rentals, office and printing supplies and other expenses.

Other expenses increased by 129.5% from SAR 45.4 million in 2018G to SAR 104.2 million in 2019G mainly driven by the increase in (i) compensation to investors of operated pharmacies and (ii) compensation from provider pharmacies that were opened in hospitals in line with the increase in number of pharmacies in 2018G and 2019G.

Other expenses increased by 32.7% from SAR 104.2 million in 2019G to SAR 138.2 million in 2020G due to the increase in compensations related to the pharmacies that were opened in hospitals in line with the increase in number of pharmacies and safety expenses for COVID pandemic related requirements, partially offset by the decrease in compensation to investors of operated pharmacies due to the lifting of MoH restrictions allowing for unlimited ownership of pharmacies per one owner.

Other expenses decreased by 25.8% from SAR 42.9 million in the six-month period ended 30 June 2020G to SAR 31.9 million in the six-month period ended 30 June 2021G mainly due to lower profit sharing from SAR 5.7 million in the six-month period ended 30 June 2020G to nil in the six-month period ended 30 June 2021G following the MoH regulation changes on the ownership of pharmacies.

6.6.11 General and administrative expenses

Table (6-17): General and administrative expenses for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Audited)	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Salaries and employees' benefits	143,087	154,758	170,455	8.2%	10.1%	9.1%	94,077	79,946	(15.0%)
Board of directors' remunerations	25,300	28,562	34,900	12.9%	22.2%	17.4%	26,535	17,026	(35.8%)
Depreciation and amortization	31,197	29,689	26,959	(4.8%)	(9.2%)	(7.0%)	12,558	13,953	11.1%
Repair and maintenance	30,388	23,949	26,392	(21.2%)	10.2%	(6.8%)	18,747	11,126	(40.7%)
Professional fees	27,207	26,762	16,474	(1.6%)	(38.4%)	(22.2%)	4,325	5,050	16.8%
Right of use - depreciation	-	8,913	8,501	na	(4.6%)	na	4,164	4,253	2.1%
Attestation and government expenses	8,670	8,053	6,304	(7.1%)	(21.7%)	(14.7%)	1,760	1,550	(11.9%)
Communications	3,695	2,927	3,766	(20.8%)	28.7%	1.0%	2,227	1,509	(32.2%)
Rents	10,736	-	-	(100.0%)	na	(100.0%)	1,101	-	(100.0%)
Entertainment expenses	3,461	3,925	-	13.4%	(100.0%)	(100.0%)	1,362	873	(35.9%)
Other	18,114	22,661	43,279	25.1%	91.0%	54.6%	12,734	13,517	6.1%
Total	**301,855**	**310,200**	**337,032**	**2.8%**	**8.7%**	**5.7%**	**179,590**	**148,804**	**(17.1%)**
As a % of revenue					**Ppt.**				**Ppt.**
Salaries and employees' benefits	1.9%	2.0%	2.0%	0.0	0.0	0.0	2.1%	2.0%	(0.1)
Board of directors' remunerations	0.3%	0.4%	0.4%	0.0	0.0	0.1	0.6%	0.4%	(0.2)
Depreciation and amortization	0.4%	0.4%	0.3%	0.0	(0.1)	(0.1)	0.3%	0.3%	0.1
Repair and maintenance	0.4%	0.3%	0.3%	(0.1)	0.0	(0.1)	0.4%	0.3%	(0.1)
Professional fees	0.4%	0.3%	0.2%	0.0	(0.2)	(0.2)	0.1%	0.1%	0.0
Right of use - depreciation	0.0%	0.1%	0.1%	0.1	0.0	0.1	0.0%	0.0%	0.0
Attestation and government expenses	0.1%	0.1%	0.1%	0.0	0.0	0.0	0.0%	0.0%	(0.0)
Communications	0.1%	0.0%	0.0%	0.0	0.0	0.0	0.0%	0.0%	(0.0)
Rents	0.1%	0.0%	0.0%	(0.1)	0.0	(0.1)	0.0%	0.0%	(0.0)
Entertainment expenses	0.0%	0.1%	0.0%	0.0	(0.1)	0.0	0.0%	0.0%	(0.0)
Other	0.2%	0.3%	0.5%	0.0	0.2	0.3	0.3%	0.3%	0.1
Total	**4.1%**	**4.0%**	**3.9%**	**(0.1)**	**(0.1)**	**(0.2)**	**4.0%**	**3.7%**	**(0.3)**

Source: Audited consolidated financial statements for the financial years ended 31 December 2018G, 2019G and 2020G and Group information for the six-month period ended 30 June 2020G and 2021G.

KPIs: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

Total general and administrative expenses increased by 2.8% from SAR 301.9 million in 2018G to SAR 310.2 million in 2019G due to the increase in right of use – depreciation following the adoption of IFRS16. Total general and administrative expenses increased by 8.6% from SAR 310.2 million in 2019G to SAR 337.0 million in 2020G due to the increase in salaries and employees' benefits. Total general and administrative expenses decreased by 17.1% from SAR 179.6 million in the six-month period ended 30 June 2020G to SAR 148.8 million in the six-month period ended 30 June 2021G driven by the decrease in salaries and employees' benefits.

Salaries and employees' benefits

Salaries and employees' benefits mainly comprised of basic salaries, Management bonus, retention plan expense, housing allowance and end of service indemnity.

Salaries and employees' benefits increased by 8.2% from SAR 143.1 million in 2018G to SAR 154.8 million in 2019G driven by the increase in:

- Management bonus (+SAR 3.2 million) in line with the increase in revenue
- End of service indemnity (+SAR 2.4 million) due to the increase in employees' salaries during 2019G
- Retention plan expense of the Group's staff (+SAR 1.9 million) in line with the improving performance of the Group

Salaries and employees' benefits increased by 10.1% from SAR 154.8 million in 2019G to SAR 170.5 million in 2020G driven by the increase in:

- Retention plan expense (+SAR 7.5 million) in line with the improving performance of the Company
- Basic salary (+SAR 3.9 million) due to the increase in the number of employees from 421 to 437 employees in addition to new promotions.

Salaries and employees' benefits decreased by 15.0% from SAR 94.1 million in the six-month period ended 30 June 2020G to SAR 80 million in the six-month period ended 30 June 2021G driven by the decrease in retention plan expense (SAR 5.5 million) and Management bonus (SAR 2.6 million) in line with the drop in revenue. In addition, the decrease resulted from the decline in salaries and employees' benefits from Nahdi Clinics by SAR 7.9 million due to the reclassification of costs from general and administrative expenses to selling and distribution expenses by the end of 2020G, partially offset by the increase in end of service indemnity (SAR 1.7 million).

Board of directors' remunerations

Board of directors' remunerations increased by 12.9% from SAR 25.3 million in 2018G to SAR 28.6 million in 2019G and by 22.2% from SAR 28.6 million in 2019G to SAR 34.9 million in 2020G in line the improvement in the Group's performance.

Board of directors' remunerations decreased by 35.8% from SAR 26.5 million in the six-month period ended 30 June 2020G to SAR 17.0 million in the six-month period ended 30 June 2021G in line with the decrease in the Group's net profit compared to the same period in 2020G.

Following the conversion from a limited liability company to a joint stock company, the Company decided to change the board of directors' remunerations according the requirement for publicly listed companies as per the Capital Market Authority.

Depreciation and amortization

Depreciation and amortization related to the Group's property and equipment in addition to intangible assets. Depreciation and amortization decreased by 4.8% from SAR 31.2 million in 2018G to SAR 29.7 million in 2019G and decreased by 9.2% from SAR 29.7 million in 2019G to SAR 27.0 million in 2020G due to the decrease in the Company's capital expenditure with the shift to cloud systems. Depreciation and amortization increased by 11.1% from SAR 12.6 million in the six-month period ended 30 June 2020G to SAR 14.0 million in the six-month period ended 30 June 2021G.

Repair and maintenance

Repair and maintenance expenses mainly represented software maintenance, consumables and other miscellaneous maintenance expenses.

Repair and maintenance expenses decreased by 21.2% from SAR 30.4 million in 2018G to SAR 24.0 million in 2019G largely due to a new licensing contract with the programming company Oracle during 2019G with optimized fees.

Repair and maintenance expenses increased by 10.2% from SAR 24.0 million in 2019G to SAR 26.4 million in 2020G due to additional investment in the Company's software to cater for the increased online sales during the lockdown period in light of the COVID pandemic in 2020G and the increase in could systems related fees. This was partially offset by the decrease in hardware maintenance (SAR 1.6 million).

Repair and maintenance expenses decreased by 40.7% from SAR 18.8 million in the six-month period ended 30 June 2020G to SAR 11.1 million in the six-month period ended 30 June 2021G largely impacted by the drop in software maintenance (SAR 6.9 million) due to the high-cost levels of cloud systems related fees during the six-month period ended 30 June 2020G.

Professional charges

Professional charges mainly related to consultant fees, legal fees and audit fees.

Professional charges decreased by 1.6% from SAR 27.2 million in 2018G to SAR 26.8 million in 2019G due to the decrease in legal fees (SAR 4.7 million) offset by the increase in (i) consultant fees (SAR 2.7 million) and (ii) audit fees (SAR 1.5 million).

Professional charges decreased by 38.4% from SAR 26.8 million in 2019G to SAR 16.5 million in 2020G as a result of the termination of the agreement with consultancy firm which to a decrease in consultant fees amounting to SAR 12.7 million, offset by the increase in legal fees (SAR 3.3 million).

Professional charges increased by 16.8% from SAR 4.3 million in the six-month period ended 30 June 2020G to SAR 5.1 million in the six-month period ended 30 June 2021G.

Right of use – depreciation

Right of use – depreciation related to the head office in Jeddah.

Right of use – depreciation expense increased to SAR 8.9 million in 2019G due to the adoption of IFRS16 standard which was implemented by the beginning of 2019G and led in turn to the drop of rents from SAR 10.7 million in 2018G to nil in 2019G.

Right of use – depreciation expense slightly increased by 2.1% from SAR 4.2 million in the six-month period ended 30 June 2020G to SAR 4.3 million in the six-month period ended 30 June 2021G.

Attestation and government expenses

Attestation and government expenses mainly related to work permits, compensations, fines and penalties in addition to pharmacist licenses.

Attestation and government expenses decreased by 7.1% from SAR 8.7 million in 2018G to SAR 8.1 million in 2019G. Attestation and government expenses also decreased by 21.7% from SAR 8.1 million in 2019G to SAR 6.3 million in 2020G due to the drop in compensations, fines and penalties (SAR 1.5 million).

Attestation and government expenses decreased by 11.9% from SAR 1.8 million in the six-month period ended 30 June 2020G to SAR 1.6 million in the six-month period ended 30 June 2021G driven by the decrease in pharmacist licenses (SAR 147 thousand) in addition to compensations, fines and penalties (SAR 140 thousand).

Communications

Communications represent communication expenses related to the head office in Jeddah.

Communications expenses decreased by 20.8% from SAR 3.7 million in 2018G to SAR 2.9 million in 2019G mainly driven by the drop in IT-related communication expenses. Communications expenses increased by 28.7% from SAR 2.9 million in 2019G to SAR 3.8 million in 2020G as a result of COVID pandemic. Communications expenses decreased by 32.2% from SAR 2.2 million in the six-month period ended 30 June 2020G to SAR 1.5 million in the six-month period ended 30 June 2021G as a result of the return of employees to the office.

Rents

Rents related to the head office in Jeddah.

Rents expenses decreased from SAR 10.7 million in 2018G to nil due to the adoption of IFRS16 standard.

Entertainment expenses

Entertainment expenses mainly related to expenses incurred for the business meetings of the Group.

Entertainment expenses increased from SAR 3.5 million in 2018G to SAR 3.9 million in 2019G, while the Group recorded low entertainment expenses in 2020G due to COVID pandemic. Entertainment expenses decreased from SAR 1.4 million in the six-month period ended 30 June 2020G to SAR 873 thousand in the six-month period ended 30 June 2021G.

Other

Other expenses increased by 25.1% from SAR 18.1 million in 2018G to SAR 22.7 million in 2019G driven by the increase in cash collection costs (SAR 2.1 million) offset by the decrease in insurance costs (SAR 1.2 million) in addition to the increase in Nahdi UAE's expenses (SAR 3.4 million).

Other expenses increased by 91% from SAR 22.7 million in 2019G to SAR 43.3 million in 2020G due to the increase in (i) withholding tax expense (SAR 6.2 million), (ii) cash collection costs (SAR 2.2 million) and (iii) training and development (SAR 2.0 million), partially offset by the decrease in international travel costs (SAR 1.3 million) as a result of COVID pandemic. Nahdi Clinics and Nahdi UAE's share of other expenses increased by 4.3 million during the same mentioned period.

Other expenses increased by 6.1% from SAR 12.7 million in the six-month period ended 30 June 2020G to SAR 13.5 million in the six-month period ended 30 June 2021G mainly driven by the increase in (i) donations (SAR 2.0 million) and (ii) goods in transit insurance (SAR 1.4 million), partially offset by the decrease in advertising and promotion (SAR 1.9 million).

6.6.12 Finance costs

Table (6-18): Finance costs for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Financial year 2018G (Mgmt)	Financial year 2019G (Mgmt)	Financial year 2020G (Mgmt)	Annual variance 2018G -2019G	Annual variance 2019G -2020G	CAGR 2018G - 2020G	Six-month period ended 30 June 2020G (Mgmt)	Six-month period ended 30 June 2021G (Mgmt)	Variance 30 June 2020G - 30 June 2021G
Interest expense on lease liability	-	47,763	47,018	na	(1.6%)	na	23,870	22,114	(7.4%)
Bank charges	6,804	7,592	10,481	11.6%	38.1%	24.1%	4,433	16,373	269.3%
Total	**6,804**	**55,354**	**57,500**	**713.5%**	**3.9%**	**190.7%**	**28,303**	**38,488**	**36.0%**

Source: Group information for the financial years ended 31 December 2018G, 2019G and 2020G and the six-month period ended 30 June 2020G and 2021G.

This category relates to interest expense on lease liability and bank charges, increased by 713.5% from SAR 6.8 million in 2018G to SAR 55.0 million in 2019G and partially stabilized in 2020G to reach SAR 57.5 million. Finance costs increased by 36% from SAR 28.3 million in the six-month period ended 30 June 2020G to SAR 38.5 million in the six-month period ended 30 June 2021G.

Interest expense on lease liability

Interest expense on lease liability increased from nil in 2018G to SAR 47.8 million in 2019G as a result of the adoption of IFRS16.

Interest expense on lease liability decreased by 1.6% from SAR 47.8 million in 2019G to SAR 47 million in 2020G due to closing of some pharmacies during the mentioned period.

Interest expense on lease liability decreased by 7.4% from SAR 23.9 million in the six-month period ended 30 June 2020G to SAR 22.1 million in the six-month period ended 30 June 2021G due to closing of some pharmacies during the mentioned period.

Bank charges

Bank charges which related to banking and transaction fees, increased by 11.6% from SAR 6.8 million in 2018G to SAR 7.6 million in 2019G and increased by 38.1% from SAR 7.6 million in 2019G to SAR 10.5 million in 2020G.

Bank charges increased by 269.3% from SAR 4.4 million in the six-month period ended 30 June 2020G to SAR 16.4 million in the six-month period ended 30 June 2021G as a result of the exceptional support provided by the Central Bank of Saudi Arabia during 2020G and which related to plastic purchases during COVID pandemic.

6.6.13 Consolidated statement of financial position

Table (6-19): Consolidated statement of financial position for the fiscal years ended on 31 December 2018G, 2019G, 2020G and the interim consolidated statement of financial position as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Reviewed
Property and equipment	582,986	645,520	779,590	865,332
Investment properties	194,894	193,000	179,000	179,000
Intangible assets	40,119	35,080	41,572	47,674
Right-of-use assets	-	1,306,061	1,186,842	1,281,242
Prepayments and other asset (non-current)	9,018	7,227	4,635	-
Total non-current assets	827,017	2,186,888	2,191,638	2,373,248
Inventories	1,131,927	1,133,868	1,180,966	1,146,131
Trade receivables	105,914	139,141	94,779	191,404
Prepayments and other current assets	253,558	151,389	174,552	182,557
Investment at amortized cost	200,359	202,832	-	600,000
Cash and cash equivalents	170,073	372,354	1,008,530	323,764
Total current assets	**1,861,832**	**1,999,584**	**2,458,826**	**2,443,855**
Total assets	**2,688,849**	**4,186,472**	**4,650,464**	**4,817,103**
Shareholders' Rights and Liabilities				
Shareholders' Rights				
Capital	50,000	50,000	1,000,000	1,000,000
Statutory reserve	25,000	25,000	109,912	109,912
Retained earnings	1,603,886	1,709,403	969,030	909,985
Foreign currency translation reserve	-	-	-161	-187
Total Partner's equity	**1,678,886**	**1,784,403**	**2,078,781**	**2,019,710**
Liabilities				
Non-Current liabilities				
Employee's benefits	142,570	168,829	329,488	358,181
Lease liabilities	1,545	984,410	828,953	929,294
Accruals and non-current liabilities	0	10,395	14,381	19,934
Total non-current liabilities	144,115	1,163,635	1,172,822	1,307,409
Lease liabilities (current portion)	-	233,227	376,131	411,912
Zakat payable	37,056	78,440	98,054	77,314
Trade and other payables	428,287	512,758	442,673	603,663
Accruals and current liabilities	350,547	369,688	457,825	391,568
Due to related parties	49,957	44,321	24,179	5,528
Total current liabilities	**865,847**	**1,238,435**	**1,398,861**	**1,489,985**
Total Liabilities	**1,009,962**	**2,402,070**	**2,571,683**	**2,797,394**
Total partner's equity and liabilities	**2,688,848**	**4,186,472**	**4,650,464**	**4,817,103**

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Reviewed
KPIs				
DIO(1)	93	88	83	87
DSO(2)	109	99	71	85
DPO(3)	30	30	28	33
RoA(4)	22.70%	16.50%	18.30%	Not applicable
RoE(5)	36.40%	38.80%	40.80%	Not applicable

Source: Consolidated financial statements for the financial years ended 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements examined for the period ended 30 June 2021G.

KPIs: The Group's management information for the financial years ending on 31 December 2018G, 2019G and 2020G and the 6-month period ending on 30 June 2021G

(1) DIO was calculated based on the cost of goods sold.

(2) DSO was calculated based on credit sales representing less than 10% of the Group's total revenue.

(3) DPO was calculated based on purchase cost.

(4) RoA is calculated as follows: Net profit for the year / Total assets at the end of the year.

(5) RoE is calculated as follows: Net profit for the year / Total partners' equity at the end of the year.

It is worth noting that the financial statements audited by KPMG for the year 2020G were based on the Management classification for that year, and accordingly they were used to show the financial position figures for the year ending 2020G. Management has reclassified certain account balances for the fiscal year 2020G contained in the unaudited financial statements that were examined as of June 30, 2021 by Ernst & Young. The following is a summary of the reclassification in the consolidated statement of financial position for the year ended 31 December 2020G.

Based on the classification of accounts approved by the management and contained in the unaudited financial statements that were examined as on 30 June 2021G is considered the most recent, the comparative figures for the consolidated statement of financial position for the year ended 2020G were used and analyzed in the following tables, as shown in the unaudited consolidated interim financial statements for the six months ended 30 June 2021:

SAR in 000s	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the audited financial statements of 31 December 2020G	Reclassification	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the reviewed financial statements of 31 December 2021G
Assets			
Non-current assets			
Property and equipment	779,590	27,865	807,455
Investment properties	179,000	-	179,000
Intangible assets	41,572	4,635	46,207
Right-of-use assets	1,186,842	-	1,186,842
Prepayments and other asset (non-current)	4,635	(4,635)	-
Total non-current assets	2,191,638	27,865	2,219,503
Current assets			
Inventories	1,180,966	(32,045)	1,148,921
Trade receivables	94,779	3,720	98,499
Prepayments and other current assets	174,552	(3,720)	170,832
Investment at amortised cost	-	-	-
Cash and cash equivalents	1,008,530	-	1,008,530
Total current assets	**2,458,826**	**(32,045)**	**2,426,781**
Total assets	**4,650,464**	**(4,180)**	**4,646,285**

SAR in 000s	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the audited financial statements of 31 December 2020G	Reclassification	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the reviewed financial statements of 31 December 2021G
Partner's equity and liabilities			
Partner's equity			
Capital	1,000,000	-	1,000,000
Statutory reserve	109,912	-	109,912
Retained earnings	969,030	-	969,030
Foreign currency translation reserve	(161)	-	(161)
Total Partner's equity	2,078,781	-	2,078,781
Liabilities			
Non-current liabilities			
Employee's benefits	329,488	-	329,488
Lease liabilities	828,953	-	828,953
Total non-current liabilities	**14,381**	**-**	**14,381**
Total non-current liabilities	**1,172,822**	**-**	**1,172,822**
Current liabilities		-	
Lease liabilities (current portion)	376,131	-	376,131
Zakat payable	98,054	-	98,054
Trade and other payables	442,673	-	442,673
Accruals and current liabilities	457,825	(4,180)	453,646
Due to related parties	24,179	-	24,179
Total current liabilities	**1,398,863**	**(4,180)**	**1,394,682**
Total liabilities	**2,571,683**	**(4,180)**	**2,567,504**
Total partner's equity and liabilities	**4,650,464**	**-**	**4,646,285**

Assets

- Non-current assets

Non-current assets increased from SAR 827.02 million as on 31 December 2018G, to SAR 2.19 billion as on 31 December 2019G mainly driven by an increase in right-of-use assets (SAR 1.3 billion) as a result of the adoption of IFRS 16, in addition to an increase in property and equipment (SAR 62.5 million) due to an increase in decorations (SAR 28.1 million) in relation to the brand refreshment plan for the Group that were operated through agents under different brand names after lifting the MoH restriction on ownership late in 2019G and the increase in the capital work in progress (SAR 26.1 million) in relation to the progress on IMDAD project that is expected to completed by the end of the financial year 2021G.

Non-current assets increased from SAR 2.19 billion as on 31 December 2019G to SAR 2.22 billion as on 31 December 2020G mainly driven by an increase in property and equipment (SAR 161.9 million) due to increase in capital work in progress (SAR 92.6 million) in relation with the progress of IMDAD project in addition to an increase in decorations (SAR 48.0 million) mainly related to the opening of new pharmacies in addition to the continuation of the rebranding campaign for the remaining pharmacies that were still under different brand names. In addition to an increase in machinery and tools (SAR 18.5 million) due to the purchase of robot and escalator with cladding for some pharmacies. This was partially offset by a decrease in right of use assets (SAR 119.2 million) and investment properties (SAR 14 million) due to a decrease in its fair value.

Non-current assets increased further from SAR 2.22 billion as on 31 December 2020G, to SAR 2.37 billion as on 30 June 2021G due to an increase in right-of-use assets (SAR 94.4 million) in addition to an increase in property and equipment (SAR 57.88 million) driven by an increase in capital work in progress (SAR 44.9 million) due to IMDAD project and an increase in decorations (SAR 14.6 million) related to the Group's expansion plan (opening of new pharmacies) and the continuation of the rebranding campaign that had started in 2018G for the remaining pharmacies that were still under different brand names. It is worth noting that all old pharmacies (that were registered under brand names that are different from Nahdi) were rebranded and by that, the rebranding campaign was completed by the first half of the financial year 2021G.

- Current assets

Current assets increased from SAR 1.86 billion as on 31 December 2018G to SAR 2.00 billion as on 31 December 2019G mainly driven by an increased in cash and equivalent (SAR 202.3 million) in addition to an increase in trade receivables (SAR 33.23 million) due an increase in revenues during the same period. This was partially offset by a decrease in prepayments and other assets (-SAR 102.17 million) due to a decrease in prepaid rent after the Group adopted IFRS 16 during the financial year 2019G.

Current assets increased from SAR 2.00 billion as on 31 December 2019G to SAR 2.43 billion as on 31 December 2020G, mainly driven by an increase in cash and equivalents (SAR 636.2 million) offset by a decrease in investments at amortized cost (SAR 202.8 million).

Current assets increased slightly from SAR 2.43 billion as on 31 December 2020G to SAR 2.44 billion as on 30 June 2021G due to an increase in investment at amortized cost (SAR 600 million) offset by a decrease in cash and equivalents (SAR 684.77 million)

Partner's equity and liabilities

- Partner's equity

Partner's equity increased slightly from SAR 1.68 billion as on 31 December 2018G to SAR 1.78 billion as on 31 December 2019G, this was related to the Group's profits for the period (SAR 692.0 million) that was higher from the dividends paid (SAR 500 million) during the same period.

Partner's equity increased from SAR 1.78 billion as on 31 December 2019G to SAR 2.08 billion as on 31 December 2020G due to an increase in the company's profits (SAR 849.1 million) that was offset by a dividend's payout of SAR 535 million during the same period. It is worth noting that the Group has decided to increase its capital during the period by transferring SAR 950.0 million from retained earnings.

Partner's equity decreased from 2.08 billion as on 31 December 2020G to SAR 2.02 billion as on 30 June 2021G due to a dividend payment of SAR 460 million that was partially offset by an increase in profits by SAR 421.8 million.

Liabilities

- Non-current liabilities

Non-current liabilities increased from SAR 144.12 million as on 31 December 2018G to SAR 1.16 billion as on 31 December 2019G due to an increase in lease liabilities (SAR 984.4 million) upon the adoption of IFRS 16, in addition to an increase in employee's end of service benefits (SAR 26.26 million).

Non-current liabilities slightly increased from SAR 1.16 billion as on 31 December 2019G to SAR 1.17 billion as on 31 December 2020G mainly due to an increase in employee's end of service benefits (SAR 160.66 million) offset by a decrease in lease liabilities (SAR 155.46 million).

Non-current liabilities increased further from SAR 1.17 billion as on 31 December 2020G to SAR 1.31 billion as on 30 June 2021G mainly driven by an increase in lease liabilities (SAR 100.34 million) in addition to an increase in employee's end of service benefits (SAR 28.69 million).

Current liabilities

Current liabilities increased from SAR 865.85 million as on 31 December 2018G to SAR 1.24 billion as on 31 December 2019G mainly driven by an increase in lease liabilities upon the adoption of IFRS 16, in addition to the increase in trade and other payables (SAR 84.47 million) along with zakat payable (SAR 41.38 million).

Current liabilities increased from SAR 1.24 billion as on 31 December 2019G to SAR 1.39 billion as on 31 December 2020G, due to an increase in lease liabilities-current portion (SAR 142.9 million) in addition to an increase in zakat payable (SAR 19.61 million).

Current liabilities increased from SAR 1.39 billion as on 31 December 2020G to SAR 1.49 billion as on 30 June 2021G mainly driven by an increase in trade payables (SAR 160.99 million) offset by a decrease in accruals and other current liabilities (SAR 62.08 million).

6.6.14 Non-current assets

Table (6-20): Consolidated list of non-current assets as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Reviewed
Property and equipment	582,986	645,520	807,455	865,332
Investment properties	194,894	193,000	179,000	179,000
Intangible assets	40,119	35,080	46,207	47,674
Right-of-use assets	-	1,306,061	1,186,842	1,281,242
Prepayments and other asset (non-current)	9,018	7,227	-	-
Total	**827,017**	**2,186,888**	**2,219,503**	**2,373,248**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements examined for the six month period ended 30 June 2021G.

6.6.15 Property and equipment

Table (6-21): Property and equipment as on 31 December 2018G, 2019G and 2020G and as on 30 June 2021G

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Decorations	351,358	379,447	427,472	442,043
Land	126,242	111,972	103,373	103,373
Machinery and tools	25,037	34,493	52,975	52,868
Buildings	12,217	25,706	31,944	31,278
Computers	22,494	18,426	19,311	19,010
Furniture, fixtures, office equipment & tools	10,017	13,757	18,040	17,569
Motor vehicle	329	294	272	231
Capital work in progress	35,292	61,423	154,066	198,959
Total	**582,986**	**645,520**	**807,455**	**865,332**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the Group information for the first half ended on 30 June 2021G.

Table (6-22): Property and equipment additions made as at 31 December 2018G, 2019G, 2020G and as at30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Decorations	128,445	132,251	105,115	69,029
Land	3,000	-	-	-
Machinery and tools	7,403	25,485	41,342	7,617
Buildings	-	15,536	10,318	-
Computers	14,040	6,214	8,402	4,327
Furniture, fixtures, office equipment & tools	4,907	9,972	11,037	2,324
Motor vehicle	-	139	147	-
Capital work in progress	9,634	28,377	119,488	44,893
Total	**167,428**	**217,974**	**295,849**	**128,190**

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
As a percentage of total additions				
Decorations	76.70%	60.70%	35.50%	53.80%
Land	1.80%	0.00%	0.00%	0.00%
Machinery and tools	4.40%	11.70%	14.00%	5.90%
Buildings	0.00%	7.10%	3.50%	0.00%
Computers	8.40%	2.90%	2.80%	3.40%
Furniture, fixtures, office equipment & tools	2.90%	4.60%	3.70%	1.80%
Motor vehicle	0.00%	0.10%	0.00%	0.00%
Capital work in progress	5.80%	13.00%	40.40%	35.00%

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the 6-month period ended 30 June 2021G.

Decorations:

Decorations amounted to SAR 442.0 million as on 30 June 2021G mainly related to setups made in new and existing pharmacies that includes design contract with vendors, shelves, painting, lighting, signboards, and other decoration related material.

Decorations increased from SAR 351.4 as on 31 December 2018G to SAR 379.4 as on 31 December 2019G driven by the Group's rebranding strategy mainly targeting pharmacies that were branded under different names than Nahdi following the lifting of the Ministry of Health restriction on ownership.

Decorations increased from SAR 379.4 million as on 31 December 2019G to SAR 427.5 million as on 31 December 2020G, mainly due to the opening of new pharmacies in addition to the continuation of the rebranding campaign for the remaining pharmacies that were still under different brand names. In addition to the new strategic rebranding plan during 2020G and 2021G for the existing pharmacies and shutdown pharmacies with low performance, it is worth noting that the increase was partially offset by an impairment of SAR 4.2 million in relation to expected losses from closed pharmacies which was previously accrued for (in the financial year 2019G), however the auditor reclassified this balance from accruals to property and equipment in Q2 2021G financial statements.

Decorations increased from SAR 427.5 as on 31 December 2020G to SAR 442.0 million as on 30 June 2021G, as a result of the continuous expansion plan (new openings), in addition to the continuation of the rebranding campaign that started in 2018G for the remaining pharmacies, which are both related to Nahdi pharmacies branded with a different brand other than Al-Nahdi.

Land

Land amounted to SAR 103.4 million as on 30 June 2021G and is mainly related to three lands owned by Nahdi.

Land decreased from SAR 126.2 million as on 31 December 2018G to SAR 112.0 million on 31 December 2019G mainly due to an impairment of SAR 14.3 million following the valuation conducted by local external real estate valuator based on prevailing market prices for similar lands.

The further decrease to SAR 103.4 million as on 31 December 2020G was attributable to an impairment of SAR 8.6 million following an evaluation test conducted by the same local external real estate.

Land remained stable at SAR 103.4 million as on 30 June 2021. It is worth noting that land revaluation is conducted once at the end of every year.

Machinery and tools

Machinery and tools is mainly comprised of Flexi Narrow articulated trucks, and Robots

Machinery and tools increased from SAR 25.0 million as on 31 December 2018G to SAR 34.5 million as on 31 December 2019G mainly in relation to new Electric Powered Pallet Truck in newly opened pharmacies.

Machinery and tools increased from SAR 34.5 million as on 31 December 2019G to SAR 53.0 million on 31 December 2020 mainly in relation to a Robots and escalator with cladding in some pharmacies.

Machinery and tools remained stable at SAR 53.0 million as at 30 June 2021.

Buildings

Buildings amounted to SAR 31.3 million as on 30 June 2021G, relates to buildings owned by the Group, mainly clinics and warehouses.

Buildings increased from SAR 12.2 million as on 31 December 2018G to SAR 25.7 million as on 31 December 2019G mainly due to the completion and opening of the first Nahdi clinic.

The subsequent increase from SAR 25.7 million as on 31 December 2019G to SAR 31.9 million as on 31 December 2020G was mainly due to the completion and opening of the second Nahdi clinic.

The subsequent decrease to SAR 31.3 million as on 30 June 2021G was driven by the depreciation over the period.

Computers

Computers mainly comprised of laptops offered to Management and pharmacies employees that are depreciated over a period of 4 years.

Computers decreased from SAR 22.5 million as on 31 December 2018G to SAR 18.4 million as on 31 December 2019G mainly due to depreciation partially offset by additions (+SAR 6.2 million) in relation to new openings during the same period.

Subsequently, computers increased from SAR 18.4 million as on 31 December 2019G to SAR 19.3 million as on 31 December 2020 and 30 June 2021 mainly related to additions of SAR 8.4 million and SAR 4.3 million, respectively as a result of new openings, this was largely offset by depreciation charges during the same periods.

Furniture, fixtures, office equipment and tools

Furniture, fixtures, office equipment and tools amounted to SAR 17.6 million as on 30 June 2021G, included shopping trolly, waiting chairs for pharmacies and IMDAD furniture. It is depreciated over a 4-year lifetime.

Furniture, fixtures, office equipment and tools increased from SAR 10.0 million as on 31 December 2018G to SAR 13.8 million as on 31 December 2019G, mainly driven by the openings of new pharmacies.

Furniture, fixtures, office equipment and tools increased further to SAR 18.0 million as on 31 December 2020G mainly driven by openings of new pharmacies in addition to the rebranding campaign.

Furniture, fixtures, office equipment and tools decreased slightly to SAR 17.6 million as on 30 June 2021 due to depreciation charges over the period partially offset by slight additions.

Motor vehicles

Motor vehicles amounted to SAR 231 thousand as on 30 June 2021G and is mainly related to vehicles used by the Nahdi Management, depreciated over a 4-year lifetime.

Motor vehicles decreased from SAR 329 thousand as on 31 December 2018G to SAR 231 thousand as on 30 June 2021G due the depreciation of the period partially offset by slight additions.

Capital work in progress

Capital work in progress amounted to SAR 198.9 million as on 30 June 2021 and is mainly related to IMDAD project which includes the new distribution center, that is still under construction. It is worth noting that the project has been completed during the fourth quarter of the financial year 2021G.

6.6.16 Investment properties

Table (6-23): Investment properties as on 31 December, 2018G, 2019G and 2020G and as on 30 June 2021G

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Beginning balance	-	194,894	193,000	179,000
Impairment of investment properties	-	-1,894	-14,000	-
Reclassification from property and equipment	194,894	-	-	-
Net book value	**194,894**	**193,000**	**179,000**	**179,000**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

Investment property balance consists of undeveloped land in Jeddah, Kingdom of Saudi Arabia, with a value of SAR 179 million as of 30 June, 2021G. It was purchased in the last quarter of 2018G at a value of SAR 194.9 million with the aim of establishing a new head office for the company, but the project was suspended, and the land was held idol. The land was later reclassified as investment property in accordance with IAS 40.

Investment properties were valued as on 31 December 2019G and 2020G by an independent external valuer using the comparative market approach. An evaluation form has been applied as recommended by the Saudi Authority for Accredited Valuers. Based on the assessment, an impairment loss of SAR 1.9 million was recorded as on 31 December 2019G and SAR 14.0 million as on 31 December 2020G. The investment properties were not revalued as there was no material change in circumstances between the end of 2020G and the end of the first half of 2021G.

6.6.17 Intangible assets

Table (6-24): Intangible assets for the fiscal years as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Software	38,429	34,555	41,572	45,194
Acquisitions of pharmacies	1,689	525	-	-
Lease prepayments non-current	-	-	4,635	2,480
Total	**40,119**	**35,080**	**46,207**	**47,674**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the Group information for first half ended on 30 June 2021G.

Intangible assets amounted to SAR 47.7 million as on 30 June 2021G and was mainly comprised of computer software and licenses.

Software

Software includes accounting programs and customer relationship management programs (CRM), in addition to warehouse management programs and other licenses and subscriptions for programs used continuously by the Group's employees.

Software account decreased from SAR 38.4 million as on 31 December, 2018G to SAR 34.6 million as on 31 December 2019G as a result of the amortization period. This was offset by the additions of SAR 16.4 million related to the opening of new pharmacies and the development of the programs used by the Management.

Software account increased from SAR 34.6 million as on 31 December 2019G to SAR 41.6 million as on 31 December 2020G due to additions of SAR 24.0 million related to new pharmacies openings and the development of programs used by Management. This was partially offset by the amortization of the period.

Software account increased further to SAR 45.2 million as on 30 June 2021G due to additions of SAR 13.8 million related to new pharmacies openings partially offset by the amortization of the period.

It is worth noting that all the mentioned software were developed by external companies and thus none of them were developed internally. Additions over the period are predominately related to IT systems and licenses and mainly related to the Company's continuous upgrade and expansion of the current ERP and other business modules used at Nahdi.

Acquisitions of pharmacies

It is worth noting that the company was capitalizing the licenses related to pharmacies affiliated with agents in 2018G and 2019G before the update in the Ministry of Health regulation regarding limiting the number of pharmacies ownership.

Lease prepayment non-current

Lease prepayment represent payments related to government licenses with a validity of more than one year that have been paid for but not yet received. The account is classified as intangible assets upon receipt, and accordingly they are amortized periodically.

Those payments were classified into the advance payments and other assets account in the financial years 2018G and 2019G. While SAR 4.6 million were reclassified from advance payments and other assets to intangible assets in the financial statements for the second quarter of the financial year 2021G, and accordingly the same reclassification was made in 2020G for comparability.

6.6.18 Right-of-use assets

Table (6-25): Right-of-use assets as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
At the beginning of the period/ year	-	1,263,625	1,306,061	1,186,842
Addition during the period/year	-	385,799	284,079	286,627
Disposals during the period/year	-	-	(55,928)	-
Addition on acquisition of subsidiary	-	-	1,644	-
Depreciation during the period/year	-	(343,363)	(349,014)	(192,227)
Net book value	**-**	**1,306,061**	**1,186,842**	**1,281,242**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

The Group recognised a right of use assets beginning January 2019G in connection with IFRS16. The standard was adopted using modified retrospective method of adoption. As on 30 June 2021 right of use assets amounted to SAR 1.3 billion mainly pertained to the lease agreements for all pharmacies, 4 distribution centers, 9 regional branches, 6 showrooms, and one training center for pharmacists.

Right-of-use assets balance decreased from SAR 1.3 billion as on 31 December 2019G to SAR 1.2 billion as on 31 December 2020G, mainly due to the decrease in the number of new pharmacy openings (from 75 pharmacies in 2019G to 55 pharmacies in 2020G), accompanied by an increase in the number of pharmacies closures during the same period for strategic reasons, 71 pharmacies were closed during the financial year 2020G.

Right-of-use assets increased from SAR 1.2 billion as on 31 December 2020G to SAR 1.3 billion as on 30 June 2021G as a result of the opening of 28 new pharmacies, this was offset by a decrease of SAR 142.3 million as a result of closing 8 pharmacies.

It is worth noting that the cost of the new openings has increased due to the change of the Group's strategy of moving from small pharmacies to larger ones targeting strategic locations.

6.6.19 Prepayment and other assets

Table (6-26): Prepayment and other assets as on 31 December 2018G, 2019G, 2020G and as on30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Lease prepayments- key money payments	9,018	7,227	-	-
Total	**9,018**	**7,227**	**-**	**-**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the the unaudited condensed consolidated interim financial statements that were examined as at 30 June 2021G.

These payments were classified as prepayments and other assets non-current in the financial years 2018G and 2019G. SAR 4.6 million were reclassified from prepayments and other assets to intangible assets by the Group's Management in the financial statements for the second quarter of 2021G, accordingly a reclassification was made in the financial year 2020G for comparability purpose.

These payments are related to government licenses with a validity of more than one year that have been paid for but not yet received. The account is classified as intangible assets upon receipt, and accordingly they are amortized periodically.

It is worth noting that all government licenses were issued by the end of the financial year 2019G, the reason why SAR 4.6 million as on 30 June 2021G were reclassified from prepayment and other assets to intangible assets.

6.6.20 Current assets

Table (6-27): Current assets at on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Inventories	1,131,927	1,133,868	1,148,921	1,146,131
Trade receivables	105,914	139,141	98,499	191,404
Prepayments and other asset (current)	253,559	151,389	170,832	182,557
Investment at amortized cost	200,359	202,832	-	600,000
Cash and cash equivalents	170,073	372,354	1,008,530	323,764
Total	**1,861,832**	**1,999,584**	**2,426,781**	**2,443,855**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for period ended 30 June 2021G.

6.6.21 Inventories

Table (6-28): Inventories as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Inventories	1,220,381	1,224,847	1,344,092	1,317,143
Available for sale inventory	1,336,740	1,343,090	1,483,020	1,471,358
Inventory trade discount	(159,874)	(158,082)	(140,946)	(140,315)
Other	43,516	39,839	2,018	(13,900)
Provision for slow moving items	(88,454)	(90,979)	(195,171)	(171,012)
Total	**1,131,927**	**1,133,868**	**1,148,921**	**1,146,131**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

Inventories

Available for sale inventory

Available for sale inventory relates to the end-products received from vendors/ suppliers that are placed in pharmacies or distribution centres. Inventory is mainly procured from local agents of international manufacturers except for Private Label products where the Group deals directly with the international factory and the end product is shipped either by sea or air to KSA.

Available for sale inventory was relatively stable at SAR 1.3 billion between 31 December 2018G and 31 December 2019G as the increase in diabetes medications (SAR 27.7 million) was offset by a decrease in the personal care products (-SAR 14.3 million) and health (-SAR 4.9 million) during the same period.

Available for sale inventory increased from SAR 1.3 billion as on 31 December 2019G to SAR 1.5 billion as on 31 December 2020G mainly driven by Wellness (+SAR 166.8 million), which was primarily related to COVID-19 personal protective prevention that include masks, gloves, and sanitizers. This was coupled with an increase in FMCG (SAR 44.8 million), mainly from Hygienic and Household Products. The increase was partially offset by Medicine (-SAR 49.0 million), mainly from Cardiovascular and Nervous System medications. In addition to Mom & baby (-SAR 34.1 million), mainly from Baby Milk and Toiletries, driven by the decrease in purchases of Mom & baby products during the same period.

As on 30 June 2021, available for sale inventory remained relatively stable at SAR 1.5 billion, whereby the drop in wellness division (-SAR 38.9 million) was offset by the increase in mom & baby division (+SAR 37.5 million) as a result of the increase in demand during that period.

Inventory trade discount

Inventory trade discount related to the contractual discounts offered by the suppliers at the time of purchases. Trade discounts allocated to inventory relate to the unsold items to date.

Inventory trade discount decreased slightly from SAR 159.9 million as on 31 December 2018G to SAR 158.1 million as on 31 December 2019 mainly driven by the increase in Medicine products as percent of total inventory (from c. 26% to c. 28%), whereby low to no discount is offered in such products given that they are highly regulated. While discounts as a percent of available for sale inventory remained relatively stable at c.12% over the same period.

Subsequently, inventory trade discount decreased from SAR 158.1 million as on 31 December 2019G to SAR 140.9 million as on 31 December 2020 mainly due to the higher contribution of Private Label products which do not receive any trade discount. As such, trade discount as a percentage of available for sale inventory decreased to 9.5% as on 31 December 2020.

The balance of the trade discount for the products stabilized at the same balance as on 30 June 2021G.

Others

Others include inventory items that are not available for sale and expected to be written off due to expiry. We understand that although most agreements with distributors stipulate that near to expiry products could be returned back to the related supplier for longer expiry items, this is not the case for all distributors. The accruals for such near expiry products are built up during the year and cleared at year following reconciliations with the respective distributor. On average the Group returns c. 80% to 90% of their expired items.

Table (6-29): Inventory aging schedule as on 30 June 2021

SAR in 000s	Current portion	1-90 day	90-180 day	180-365 day	<1 year	<2 year	Total
Front shop	557,019	32,865	10,035	10,862	9,249	24,354	644,385
Health wellness	336,470	12,579	2,467	2,336	1,512	3,067	358,431
Private label	319,675	52,556	39,816	29,903	13,354	13,237	468,542
Total	**1,213,165**	**98,000**	**52,318**	**43,101**	**24,115**	**40,658**	**1,471,358**

Source: Management information.

Provision for slow moving items

The Group has a formal inventory provision policy by inventory category (at an SKU level) and location. It is worth mentioning that the Group changed their provisioning policy during 2019G to include a specific provision percentage for private label items given the increase in sales of this segment, which by nature needs higher provision rates than other products since it cannot be returned to the factory in the event of expiration or damage.

The allocation proportion from the total had increased in the financial year 2020G to reach 14.5% of total goods due to an exceptional allocation that the Management had decided to take during the pandemic period related mainly to preventive goods from Corona disease, part of which may be reversed later during the financial year 2021G.

Inventory provision increased slightly from SAR 88.5 million as on 31 December 2018G to SAR 91.0 million as on 31 December 2019G as a result of the change in provisioning policy during 2019G to include Private label separately which has a higher provisioning rate in the current policy. In addition to the increase in Non-Private label items provision (+SAR 26.0 million) as a result of the implementation of the new policy at more conservative rates. This was partially offset by write-offs amounting to SAR 28.7 million mainly in relation to the closure of medical equipment showrooms.

Inventory provision increased further from SAR 91.0 million to SAR 195.2 million as on 31 December 2020G mainly driven by personal protection items i.e. Masks (SAR 72.5 million), Thermometers (SAR 5.7 million), Hygiene and Wet wipes (SAR 13.1 million) due to the high stock at year end.

6.6.22 Inventory provision decreased from SAR 195.2 million as on 31 December 2020G to SAR 171.0 million as on 30 June 2021, primarily as a result of a reversal of SAR 31.0 million mainly relating to the Group's ability to sell Personal Protection Equipment items.Trade receivables

Table (6-30): Trade receivables as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Trade receivables	119,499	154,391	108,120	200,850
Operating pharmacies - agents	-	16,909	-	-
Allowance for expected credit losses (ECL)	(13,585)	(32,158)	(9,621)	(9,446)
Total trade receivable	**105,914**	**139,141**	**98,499**	**191,404**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for period ended 30 June 2021G.

Trade receivables amounted to SAR 191.4 million as on 30 June 2021G is comprised mostly of receivables from insurance companies (c. 92%) and other customers.

Trade receivables increased from SAR 119.5 million as on 31 December 2018G to SAR 154.4 million as on 31 December 2019G in line with the growth in credit business of Nahdi, primarily from one insurance company (+SAR 26.7 million). DSO slightly improved from 109 days to 99 days during the same period.

Trade receivables dropped from SAR 154.4 million as on 31 December 2019G to SAR 108.1 million as on 31 December 2020G mainly driven by the introduction of a new electronic invoicing system that optimized the invoicing process from printing invoices and delivering it to each client to an automated process that is more efficient in terms of time saving and timely collections from clients. This was clearly translated in the improvement of DSO to 72 days, which mitigated liquidity risks during COVID-19.

As on 30 June 2021G, trade receivables increased from SAR 108.1 million to SAR 200.9 million mainly driven by an increase in the outstanding balance of an insurance company (+SAR 99.1 million) which relate to delayed collections as the contract with them ended during the first six-month period of the financial year 2021G and Nahdi was in negotiation to renew. Moreover, DSO increased reaching 85 day during the same period. The contract has been renewed with an insurance company and an amount of SAR 60 million was claimed during July 2021G.

Operating pharmacies - agents

Operating pharmacies - agents mainly relate to payments made by Nahdi on behalf of agent pharmacies. These payments include employee salaries and government related expenses. This balance was classified under trade receivables by the auditor only in the financial year 2019G, in the following periods, balances due from and due to agents were classified under accruals as a net balance.

SAR in 000s	less than 91 days	91-180 days	181-360 days	more than 360 days	Total trade receivable
Trade receivable	135,825	61,877	2,439	709	200,850

Trade receivable aging schedule as on 30 June 2021G

Source: Management information

Allowance for expected credit losses (ECL)

Allowance for expected credit losses (ECL) was calculated based on a provision matrix model according to IFRS9 standards effective January 2019G and applied retrospectively.

Allowance for expected credit losses (ECL) increased from SAR 13.6 million as on 31 December 2018G to SAR 32.2 million as on 31 December 2019G mainly driven by addition of SAR 25.0 million resulted from the implantation of IFRS9, partially offset by write-offs of SAR 6.4 million which relate to impaired receivables that are deemed uncollectable.

Allowance for expected credit losses (ECL) decreased from SAR 32.2 million as on 31 December 2019G to SAR 9.6 million as on 31 December mainly driven by a reversal of SAR 18.0 million post ECL reassessment as it was over provided for in 2019G.

Allowance for expected credit losses (ECL) stabilized at the same balance as on 30 June 2021G.

6.6.23 Prepayments and other assets

Table (6-31): Prepayments and other assetsas on 31 December 2018G, 2019G 2020G and as on 30 June 2021G

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Prepaid expenses	31,617	30,172	39,579	69,977
Advance payments to suppliers	52,283	69,279	71,439	41,362
Employees' loans	30,031	21,389	36,301	44,568
Prepaid Rent	128,890	-	-	8,331
Letters of credit	8,141	25,417	15,635	3,780
VAT	-	2,148	2,502	2,461
Others	2,596	2,984	5,376	12,079
Total	**253,559**	**151,389**	**170,832**	**182,557**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and Management information for the first half ended on 30 June 2021G.

Prepaid expenses

Prepaid expense mainly included prepaid medical insurance for employees (c. 43% of total), prepaid municipality charges (c. 33%) and other insurance expenses (c. 24%).

Prepaid expenses decreased slightly from SAR 31.6 million as on 31 December 2018G to SAR 30.2 million as on 31 December 2019G mainly driven by medical insurance prepayment following the shift to a less costly insurance plan as part of Management's cost cutting initiative.

Prepaid expenses increased from SAR 30.2 million as on 31 December 2019G to SAR 39.6 million as at 31 December 2020 mainly due to prepaid municipality license fees (+SAR 5.1 million) that relates to all government related licenses usually paid in advance for the Group's new pharmacies.

As on 30 June 2021, prepaid expenses increased further to SAR 70 million due to a significant increase in employees' medical insurance as a result of the increase in headcount following the acquisition of Sakhaa.

Advance payments to suppliers

Advance payments increased from SAR 52.3 million as on 31 December 2018G to SAR 69.3 million as on 31 December 2019G driven by advances to private label manufacturers and advances to decoration suppliers relating to new pharmacies decoration and the rebranding initiative.

Advance payments increased from SAR 69.3 million as on 31 December 2019G to SAR 71.4 million as on 31 December 2020G mainly due to advances to decoration suppliers to cater for IMDAD project.

Advance payments decreased from SAR 71.4 million as on 31 December 2020G to SAR 41.4 million due to lower advances paid to the decoration supplier (higher advances was paid in previous years).

Employees' loans

Employee loans mainly comprised of dependency fees paid on behalf of employees below manager level. These fees are subsequently deducted from the employee's monthly salary.

Employee loans decreased from SAR 30.0 million as on 31 December 2018G to SAR 21.4 million as on 31 December 2019G following Management's decision to provide the housing support from advance payment to a monthly payment.

Employee loans increased from SAR 21.4 million as on 31 December 2019G to SAR 36.3 million as on 31 December 2020G, in line with the increase in number of employees during the same periods post Sakhaa acquisition.

Employee loans increased from SAR 36.3 million as on 31 December 2020G to SAR 44.6 million as on 30 June 2021G, in line with the increase in number of employees during the same periods post Sakhaa acquisition.

Prepaid Rent

Prepaid rent amounted to SAR 128.9 million as on 31 December 2018G and relate to post ROU adoption which dropped to nil following the adoption of IFRS16.

As on 30 June 2021G, prepaid rent increased to SAR 8.3 million and related to non-operating pharmacies rent which are not subject to IFRS16.

Letters of credit

Letter of credit is mainly related to the purchase of Private Label products from abroad.

Letter of credit increased from SAR 8.1 million as on 31 December 2018G to SAR 25.4 million as on 31 December 2019G in line with the growth in private label.

Letter of credit decreased from SAR 25.4 million to SAR 15.6 million as on 31 December 2020G due to lower transactions related to private label products.

Letter of credit decreased from SAR 15.6 SAR as on 31 December 2020G to SAR 3.8 million as on 30 June 2021G driven by lower transactions with some international supplier.

VAT

VAT amounted to SAR 2.5 million as on 30 June 2021.

Others

Others mainly related to deposits made for rented premises and advance housing allowance to employees. The increase from SAR 5.4 million on 31 December 2020G to SAR 12.1 million on 30 June 2021 was mainly due to a reclass made by the auditor of SAR 13.8 million related to excess VAT previously classified under other receivable to prepayments, partially offset by a decrease of -SAR 6.2 million related to insurance and housing loans for terminated employees.

6.6.24 Cash and cash equivalent

Table (6-32): Cash and cash equivalents as on 31 December 2018G, 2019G, 2020G and as on30 June 2021.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Cash in banks	136,906	147,253	947,351	266,986
Investments at amortized cost	-	200,000	-	-
Cash in hand	33,167	25,101	61,179	56,778
Total	**170,073**	**372,354**	**1,008,530**	**323,764**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

Represents the group's current accounts in local banks such as the Saudi British Bank, Al Jazira Bank and Al Rajhi Bank. In addition to a current account with Emirates NBD.

Investments at amortized cost

Investments at amortized cost represent deposits in local banks with an average annual return of 2.2% with a 3-month maturity from the date of deposit.

Cash in hand

Represent cash in pharmacies and clinic's registers.

Cash and equivalents increased from SAR 170.1 million as on 31 December 2018G to SAR 372.3 million as on 31 December 2019G due to an increase in net cash generated from operating activities (+SAR 368.1), this was partially offset by an increase in the net cash used in financing activities (+SAR 365.1 million).

Cash and equivalent increased further to SAR 1.0 billion as on 31 December 2020G mainly due to an increase in net cash generated from operating activities (+SAR 237.8 million) in addition to a decrease in net cash used in investing activities (-SAR 127.6 million) and net cash used in financing activities (-SAR 68.6 million).

Cash and equivalent decreased to SAR 323.8 million as on 30 September 2021G mainly driven by a decrease in net cash generated from operating activities (-SAR 910.4 million) coupled with an increase in cash used in investing activities (+SAR 646.5 million). This was partially offset by a decrease in net cash used in financing activities (-SAR 236.0 million).

6.6.25 Non-current liabilities

Table (6-33): Non-current liabilities as on 31 December 2018G, 2019G, 2020G andas on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Lease liabilities	-	984,410	828,953	929,294
Employee's end of service benefits	142,570	168,829	329,488	358,181
Accrued expenses and other non-current liabilities	1,545	10,395	14,381	19,934
Total	**144,115**	**1.163,634**	**1,172,822**	**1,307,409**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for period ended 30 June 2021G.

Table (6-34): Lease liabilities as classified in the consolidated statement of financial position as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Current portion	-	233,227	376,131	411,912
Non-current portion	-	984,410	828,953	929,293
Total	**-**	**1,217,637**	**1,205,084**	**1,341,206**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

Table (6-35): Lease liabilities as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
At the beginning of the period/year	-	1,328,208	1,217,799	1,205,084
Interest expense	-	48,152	47,193	22,114
Additions during the period/year	-	256,358	284,079	286,627
Disposals during the period/year	-	-	(34,470)	-
Additions on acquisition of subsidiary	-	-	2,008	-
Payments during the period/year	-	(415,080)	(311,526)	(172,619)
At the end of the period/year	**-**	**1,217,637**	**1,205,084**	**1,341,206**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

The Company applied IFRS 16 on accounting for lease contracts at the beginning of 2019G. The standard has been applied retroactively. The balance of lease liabilities amounted to SAR 1.3 billion as on 30 June 2021G, and this relates to all pharmacies, 4 distribution centers, 9 regional branches, 6 showrooms and one training center.

Lease liabilities slightly decreased from SAR 1, 217 million as on 31 December 2019G to SAR 1,205 million as on 31 December 2020G mainly driven by the decrease in new pharmacies openings (from 52 pharmacies in 2019G to 13 pharmacies in 2020G), coupled with an increase in pharmacies closures during the same period for strategic purposes where 11 pharmacies were closed during the year 2020G.

Lease liabilities increased from SAR 1.2 billion as on 31 December 2020G to SAR 1.3 billion as on 30 June 2021 due to new openings of 28 pharmacy, this was partially offset by a decrease of SAR 142.3 million due to a 71 closure during the same period.

It is worth noting that the cost of the new openings has increased due to the change of the Group's strategy of moving from small pharmacies to larger ones targeting strategic locations.

6.6.26 Employee's end of service benefits

Table (6-36): Employee's end of service benefitsas on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Defined benefits obligation at the beginning of the period/year	125,857	142,570	168,829	329,486
Current service cost	18,198	18,417	44,040	21,011
Interest cost on defined benefits obligation	5,186	5,945	13,340	3,613
Actuarial (gain)/ loss on the obligation	9,237	21,904	19,576	20,891
Transferred in from agents	(8,485)	-	70,150	-

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Additions on acquisition of subsidiary	-	-	48,352	-
Payments during the period/year	(7,424)	(20,007)	(34,800)	(16,822)
Defined benefits obligation at the end of the period/year	142,570	168,829	329,488	358,181

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

Table (6-37): Key actuarial assumptions used to calculate significant unfunded defined benefit plan liabilities (expressed as weighted averages)

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Discount rate	4.50%	3.25%	2.25%	2.75%
Future salary growth/expected rate of salary increase	4.00%	4.00%	4.00%	3.00%
Mortality rate	0.37%	0.28%	0.25%	0.25%
Retirement age	60 years	60 years	60 years	60 years

Source: Management Information.

The company applies an approved, unfunded plan for end of service benefits for its permanent employees in accordance with the requirements of the Saudi Labor and Workers Law. The valuation was prepared by an independent external actuary using the following key assumptions:

- As on 31 December 2018G, the discount rate was 4.50% for the company, and the salary increase rate was 4.0% for the company.
- As on 31 December 2019G, the discount rate was 3.25% for the company and the subsidiary company, and the salary increase rate was 4.0%
- As on 31 December 2020G, the discount rate was 2.25% for the company and the subsidiary company, and the salary increase rate was 4.0%
- As on 30 June 2021G, the discount rate was 2.75% for the company and the subsidiary company, and the salary increase rate was 3.0%

The employee's end of service benefit balance increased from SAR 142.6 million as on 31 December 2018G to SAR 168.8 million as on 31 December 2019G as a result of the increase in the current service cost and the interest cost on the defined benefit obligation amounting to SAR 24.4 million, actuarial gain/loss SAR 21.9 million. This was offset by payments of 20.0 million Saudi riyals.

The employee's end of service benefit balance also increased to SAR 329.5 million as on 31 December 2020G, mainly as a result of the increase in the cost of the current service and the interest cost on the defined benefit commitment amounting to SAR 57.4 million, in addition to the increase upon the acquisition of the subsidiary company with a value of SAR 48.4 million. This was offset by the benefits of payments amounting to SAR 34.8 million.

The employee's end of service benefit balance increased further to SAR 358.2 million as on 30 June 2021G, mainly as a result of the increase in the cost of the current service and interest cost on the defined benefit commitment amounting to SAR 24.6 million. This was offset by benefits paid worth SAR 16.8 million.

6.6.27 Accruals and non-current liabilities

Table (6-38): Accruals and non-current liabilities as on 31 December 2018G, 2019G, 2020G and tas on30 June 2021G

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Due to employees*	-	10,395	14,381	19,934
Lease equalization reserve	1,545	-	-	-
Total	**1,545**	**10,395**	**14,381**	**19,934**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

*The non-current portion of due to employees have been reclassified by the Group's management in the consolidated statements for the financial years ending on 31 December 2019G and the subsequent fiscal years.

Due to employees

Due to employees is related to the non-current portion of the retention plan set by the CFO for key employees in the Group discussed in the slide above. (this covers around 75% of the retention plan). These balances are expected to be paid over 2 years.

Due to employees amounted to SAR 10.4 million as on 31 December 2019G, and increased to SAR 14.4 million as on 31 December 2020G and to SAR 19.9 million as on 30 June 2021G. As a result of the increase in the number of employees eligible for the employee retention plan and the increase in the Group's profitability which is a factor in calculating the financial compensation for the employees who are part of the plan.

Lease equalization reserve

Lease equalization reserve represents a provision taken upon implementation of IAS 17 with an amount of SAR 1.5 million as on 31 December 2018G, and then reversed as of 2019 after the adoption of IFRS 16.

6.6.28 Current liabilities

Table (6-39): Current liabilities as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Lease liabilities- current portion	-	233,227	376,131	411,912
Zakat payable	37,056	78,440	98,054	77,314
Trade payable	428,287	512,758	442,673	603,663
Accrued expenses and other current liabilities*	350,547	369,688	453,646	391,568
Due to related parties**	49,957	44,321	24,179	5,528
Total	**865,847**	**1,238,435**	**1,398,861**	**1,489,985**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

* The non-current portion of due to employees have been reclassified by the company's Management in the consolidated statements for the financial years ending on 31 December 2019G and the subsequent fiscal years.

** A reclassification in due to related parties has been made from accruals and other current liabilities by the company's Management in the financial statements as at 30 June 2021G, and accordingly it was reclassified as at year ended 2020G.

6.6.29 Zakat payable

Table (6-40): Zakat payable as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
At the beginning of the period/year	30,636	37,056	78,440	98,054
Acquisition of subsidiary	-	-	2,928	-
Transfer from agents	-	-	2,299	-
Provision for the current period/year	28,144	33,200	45,330	25,468
Provision for the previous period/year	-	43,430	-	-
Payment during the period/year	(21,723)	(35,246)	(30,943)	(46,207)
At the end of the period/year	**37,056**	**78,440**	**98,054**	**77,314**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

Zakat payable increased from SAR 37.1 million as on 31 December 2018G to SAR 78.4 million as on 31 December 2019G driven by the provision for previous years (SAR 43.4 million) related to pharmacies affiliated with agents and the provision for the current period/year (SAR 33.2 million).

Zakat payable increased from SAR 78.4 million as of 31 December 2019G to SAR 98.1 million as on 31 December 2020G driven by the provision for the current period/year (SAR 45.3 million). This was offset by payments made during the period/year (SAR 30.9 million).

Zakat payable decreased from SAR 98.1 million as on 31 December 2020G to SAR 77.3 million as on 30 June 2021G due to payments made during the period/year (SAR 46.2 million).

6.6.30 Trade and other payable

Table (6-41): Trade and other payables as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Trade payable	737,774	907,115	720,831	1,058,379
Rebates & promotions	(322,060)	(357,137)	(260,299)	(332,736)
Advances and incentives	(18)	(44,382)	(20,030)	(4,982)
Other payables	12,592	7,163	2,171	(116,998)
Total	**428,287**	**512,758**	**442,673**	**603,663**

Source: Management.

Trade payables

The Group typically engages in purchase agreements of international brand manufacturers through local distributors. Each local distributor supplies different brands (i.e. from different manufacturers). In terms of Private label products, the Group contracts directly with the manufacturers located internationally. We understand that contracts under one distributor typically have the same payment terms, however contracts with the different manufacturers will have defined trade deal agreements which differ in terms of (i) discounts, (ii) promotional / marketing support, (iii) minimum order quantities, (iv) return policies, etc.

Trade payables mainly include accounts of distributors of medical, non-medical and cosmetic goods, in addition to service providers from recruitment companies, shipping, communications, etc., which by their nature constitute a small percentage of the overall total payable.

Trade payables increased from SAR 737.8 million as on 31 December 2018G to SAR 907.1 million as on 31 December 2019G mainly due to an increase in purchases from a distributor of pharmaceutical products (SAR 41 million), and a distributor of personal care products (+38.5 million Saudi riyals), and distributor of beauty products (+27.5 million Saudi riyals).

Trade payables decreased from SAR 907.1 million as on 31 December 2019G to SAR 720.8 million as on 31 December 2020G as a result of a decrease in the level of purchases from a distributor of pharmaceutical products (SAR-51.1 million), and a distributor of health products (-SAR 32.2 million), and a distributor of personal care products (-SAR 18.9 million Saudi riyals).

Trade payable increased from SAR 720.8 million as on 31 December 2020G to SAR 1.1 billion as on 30 June 2021G. This was mainly driven by an increase in purchases in anticipation of an increase in demand during Eid al-Adha holiday. The main increases came from a distributor of pharmaceutical products (+SAR 46.1 million), a distributor of products related to protection against COVID-19, specifically alcoholic disinfectants (+SAR 41.9 million), a distributor of health products (+SAR 39.6 million), and a distributor of products Personal Care (+SAR 19.7 million). In general, the increase came against the background of the expected increase in purchases in preparation for Ramadan and Eid seasons, which include promotion periods.

Rebates & promotions

Rebates and promotions are comprised of (i) accrued rebates offered by distributors upon meeting certain requirements (mainly volume driven rebates) set out in the contractual agreement, (ii) accrued compensated promotions offered by the distributor /manufacturer, offset by (iii) rebates collected once distributor' requirements are met.

Rebates and promotions are accrued during the year and offset against collected amounts once the corresponding credit notes are issued upon reconciliation is done. Reconciliations are done on a quarterly and annual basis whereby collections are made in the subsequent period.

Rebates and promotions increased from SAR 322.1 million as on 31 December 2018G to SAR 357.1 million as on 31 December 2019G due to lower collections in the same period, whereby collections as a percentage of gross rebates promotions decreased from 56.0% to 54.2% over the same period.

Net rebates and promotions decreased from SAR 357.1 million as on 31 December 2019G, to SAR 260.3 million as on 31 December 2020G following higher collections over the period whereby collections as a percentage of gross rebates promotions increased to 68.6%.

As on 30 June 2021, net rebates and promotions increased to SAR 332.7 million mainly due to the drop in collected rebates as a percentage of gross rebates & promotions to 18.6% as only one quarter was collected by 30 Jun3 2021G (in line with the reconciliation policy).

Advances and incentives

Advances and incentives are mainly relating to down payments to vendors and incentives offered by distributors to enhance the sale of certain products.

Advances and incentives increased from SAR 18 thousand as on 31 December 2018G to SAR 44.4 million as on 31 December 2019G mainly driven by down payment to vendor (SAR 34.4 million) and non-contractual incentives offered from several distributors to push their products (SAR 10.1 million).

Advances and incentives decreased from SAR 44 million as on 31 December 2019G to SAR 20 million as on 31 December 2020G due to the decrease in down payment to vendor.

Advances and incentives decreased from SAR 20 million as on 31 December 2020G to SAR 5.0 million as on 30 June 2021G mainly due to the decrease in down payment to vendor and incentive from distributors as advances are usually settled in the second half of the year.

Other payables

Other payables mainly include vendor clearing account, which the Group maintain as an intermediate account to reconcile/ match the value and quantity in POs, invoices and receipts, any physical inventory excess/ shortage at receival date is either transferred back or settled through a credit note by the distributor at year-end.

6.6.31 Accrued expenses and other current liabilities

Table (6-42): Accrued expenses and other current liabilities as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Accrued expenses	49,379	84,051	65,839	61,801
Deferred revenue	24,792	35,306	37,505	33,174
Due to operating pharmacies - agents	31,334	8,196	37,425	35,720
Other liabilities	100,587	116,857	143,220	137,035
Employee related accruals	144,391	125,278	163,434	122,258
VAT payables	64	-	6,222	1,580
Total	**350,547**	**369,688**	**457,825**	**391,568**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the Management information for the first half ended 30 June 2021G.

Accrued expenses

Accrued expenses mainly comprised of:

- Trade discount for deferred revenue that relates to discounts that are non-contractual in nature and are provided on an ad hoc basis and are issued during the year
- Retention plan provision for key employees to retain them in the Group. It is mainly additional bonus granted per annum paid over 3 years.
- Accrued salaries and benefits
- Accrued legal consultancy relate to all legal counsels in addition to IPO related costs.

Accrued expenses increased significantly from SAR 49.4 million as on 31 December 2018G to SAR 84.1 million as on 31 December 2019G mainly due an increase in retention plan provision (+SAR 16.9 million) in line with the increase in earnings during the same period, coupled with an increase in other accrued expenses (+SAR 14.6 million).

Accrued expenses decrease from SAR 84.1 million as on 31 December 2019G to SAR 65.8 million as on 31 December 2020G mainly due to a reversal in accrued rent (-SAR 20.9 million) following the adoption of IFRS 16 to the new leased properties which was not part of ROU in previous year. This was partially offset by legal consultancy fees (+SAR 2.6 million).

Accrued expenses decreased further to SAR 61.8 million as on 30 June 2021 due to subsidiaries balances and eliminations (-SAR 50.0 million, while this was offset by an increase in deferred revenue (+SAR 54.0 million) due to additional non-contractual discounts that had been received from distributors throughout the year.

Deferred revenue

Deferred revenue relates to the loyalty program "**Nuhdeek**", offered to Nahdi customers. For every SAR1 paid at Nahdi pharmacies the customer gets one point on their account. After reaching 1,000 points, the customer will be eligible to claim a SAR1 discount on 100 points collected. The balance of the points is expired after one calendar year. Outstanding points are accrued as deferred revenue.

Deferred revenue increased from SAR 24.8 million as on 31 December 2018G to SAR 35.3 million as on 31 December 2019G, driven by the increase in customer registration in the program coupled with increase in sales.

Deferred revenue increased from SAR 35.3 million as on 31 December 2019G, to SAR 37.5 million as on 31 December 2020G driven by the increase in customer registration in the program coupled with increase in sales.

Deferred revenue decreased from SAR 37.5 million as on 31 December 2020G to SAR 33.2 million mainly due to the redemptions of points claimed by customers.

Due to operating pharmacies - agents

Due to operating pharmacies - agent relate to balances due to third-party shareholders (agents) who acted as sponsors of the pharmacies controlled by Nahdi. By end of the financial year 2019G, the Ministry of Health lifted the restriction allowing unlimited ownership of pharmacies per one owner.

Due to operating pharmacies decreased from SAR 31.3 million as at 31 December 2018G to SAR 8.2 million as at 31 December 2019G due to payments made prior end of year.

Due to operating pharmacies increased from SAR 8.2 million to SAR 37.4 million as at 31 December 2020G upon Management's decision to close contracts with investing agents. Which prompted them to allocate an amount of SAR 50 million as a provision to pay the dues of the pharmacies that are operated. Part of which has been disbursed, bringing the total value of SAR 28 million, which constitutes most of the balance of due to operating pharmacies.

The balance remained relatively stable at SAR 35.7 million as on 30 June 2021 and it is expected to be settled towards end of 2021.

Other liabilities

Other liabilities mainly comprised of (i) temporary accruals (c. 41% of other liabilities) which includes all services received but not invoiced, (ii) temporary admin accruals (c. 40%) mostly relate to IPO services, (ii) provision for closing pharmacy (c. 11%) taken by the end of each year to cover potential losses that might be incurred when closing a pharmacy.

Other liabilities increased from SAR 100.6 million as on 31 December 2018G to SAR 116.9 million as on 31 December 2019G mainly due to increases in pharmacies prepaid rent (+SAR 21.5 million) and temporary admin accruals (+SAR 19.2 million), partially offset by temporary accruals (-SAR 33.4 million) driven by to the timely receipt of invoices from vendors and distributors.

Other liabilities increased from SAR 116.9 million as on 31 December 2019G to SAR 143.2 million as on 31 December 2020G mainly due to the increases in temporary accruals (+SAR 32.7 million) driven by the delay receipt of invoices from vendors and distributors, coupled with an increase in admin accruals (+SAR 17.0 million) mainly related to consultancy fee for the IPO process (SAR 12 million) and Zakat (SAR 5 million). This was partially offset by pharmacies prepaid rent (-SAR 21.5 million) following the adoption of IFRS 16 to the new leased properties.

As on 30 June 2021, other liabilities decreased to SAR 137.0 million mainly due to the decrease in temporary accruals and admin accruals as they represent accruals of 6 months period.

Employee related accruals

Employee related accruals mainly comprised of:

- Accrued sales commission: Sales commission are provided to operation team in the pharmacies upon achieving certain KPIs and sales achievements, if the percentage achieved was below 95% then the employee is not eligible to an incentive. This incentive is typically paid on a monthly basis.
- Accrued bonus: Bonuses are provided to all employees who joined before October based on position, individual performance and Group performance. This bonus is typically paid towards end of year; and
- Accrued board of directors' remuneration. board of directors' remuneration are provided to the board of directors' members based on the Group's performance.

Employee related accruals decreased from SAR 144.4 million as on 31 December 2018G to SAR 125.3 million as on 31 December 2019G driven by a decrease in accrued vacation (-SAR 13.5 million) due to a change in the Company policy preventing employees from rolling over their leave balance to subsequent years, partially offset by accrued Board of director's remuneration (+SAR 2.8 million) and accrued sales commission (+SAR 2.7 million) in line with the growth in earnings.

Employee related accruals increased from SAR 125.3 million as on 31 December 2019G to SAR 163.4 million as on 31 December 2020 due to accrued sales commission (+SAR 31.7 million) in line with the higher earnings. This was partially offset by accrued bonus (-SAR 6.6 million).

Employee related accruals dropped from SAR 163.4 million as on 31 December 2020G to SAR 122.3 million as on 30 June 2021G driven by accrued sales commission (-SAR 33.3 million), accrued bonus (-SAR 13.2 million) and accrued Board of director's remuneration (-SAR 17.9 million) as they represent accruals of 6 months period. This was partially offset by the increase in accrued vacation (+SAR 11.8 million) and other entities accruals (+SAR 10.8 million); mainly Sakhaa that was acquired during Q4 2020G which largely includes employee cost accruals.

VAT payables

VAT payables is related to the company's tax payables amounted to SAR 1.6 million as on 30 June 2021G.

6.6.32 Due to related parties

Table (6-43): Due to related parties as on 31 December 2018G, 2019G, 2020G and as on 30 June 2021G.

SAR in 000s	As on 31 December 2018G Audited	As on 31 December 2019G Audited	As on 31 December 2020G Audited	As on 30 June 2021G Unaudited
Sakhaa Golden for Contracting & Trading Co	40,447	37,937	-	-
Khuta Al Khair for Commercial Services Company	9,510	6,384	6,384	5,528
Al Nahdi Holding Co.	-	-	8,898	-
Tawjeeh Company for Services and Commercial Investments Company	-	-	8,898	-
Total	**49,957**	**44,321**	**24,179**	**5,528**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the Management information for the first half ended 30 June 2021G.

Due to related parties over the historical period were mainly with the following:

Sakhaa Golden for Contracting & Trading Co

Sakhaa Golden for Contracting & Trading Co., in connection with intercompany charges related to outsourced employees to Nahdi pharmacies to support the pharmacists in their day-to-day operation.

On 1 October 2020G, Nahdi acquired Sakhaa which is specialized in providing employment services to companies. As of that date, Sakha was included in the consolidated statement of financial position, 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. Therefore, the outstanding balance has been eliminated as part of intercompany transaction as at 31 December 2020G and 30 June 2021G.

Khuta Al Khair for Commercial Services

Khuta Al Khair for Commercial Services related to the electrical chairs outsourced for Mecca Project. This contract was not renewed in 2021G, and the balance is expected to be settled in full by September 2021G.

Al Nahdi Holding Co.

During 2020, Nahdi acquired Sakhaa Golden for Contracting & Trading Co from Al Nahdi Holding Co. (50% ownership in Sakhaa) and Tawjeeh Company for Services and Commercial Investments (50% ownership in Sakhaa), their balance of SAR 8.9 million, respectively, represents the book value of Sakhaa at the date of acquisition; as at 30 September 2020. These balances were fully settled by Q1 2021G.

Possible commitments and obligations

Possible commitments and obligations are agreements binding on the group to perform certain specific actions relating to the transfer of cash or any other asset to counterparties. As on 30 June, 2021G, the group has commitments of SAR 73.4 million (31 December 2020G: SAR 122.1 million, 31 December 2019G: SAR 172.2 million, and 31 December 2018G: SAR 24.5 million) related to capital expenditures, which also includes an agreement with a consulting company to implement pharmacies decorations and implement new warehouses for the group.

6.6.33 Partner's equity

Table (6-44): List of changes in the consolidated partners' equity as on 31 December 2018G, 2019G, 2020G andas on 30 June 2021G.

SAR in 000s	Capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total
Financial year 2018G (audited)					
Balance as on 1 January 2018G	50,000	25,000	-	1,552,471	1,627,471
Comprehensive income for the year					
Profit for the period	-	-	-	610,653	610,653
Other comprehensive loss	-	-	-	(9,237)	(9,237)
Total comprehensive income	**-**	**-**	**-**	**601,416**	**601,416**
Transactions with owners					
Dividends	-	-	-	(550,000)	(550,000)
Balance as on 31 December 2018G	**50,000**	**25,000**	**-**	**1,603,886**	**1,678,886**
Financial year 2019G (audited)					
Balance as on 1 January 2019G	50,000	25,000	-	1,603,886	1,678,886
Effect of the adoption of IFRS 16	-	-	-	(64,583)	(64,583)
Balance as on 1 January 2019G (adjusted)	**50,000**	**25,000**	**-**	**1,539,304**	**1,614,304**
Comprehensive income for the year					
Profit for the period	-	-	-	692,002	692,002
Other comprehensive loss	-	-	-	(21,904)	(21,904)
Total comprehensive income	**-**	**-**	**-**	**670,099**	**670,099**
Transactions with owners					
Dividends	-	-	-	(500,000)	(500,000)
Balance as on 31 December 2019G	**50,000**	**25,000**	**-**	**1,709,403**	**1,784,403**
Financial year 2020G (audited)					
Balance as on 1 January 2020G	**50,000**	**25,000**	**-**	**1,709,403**	**1,784,403**
Comprehensive income for the year					
Profit for the period	-	-	-	849,116	849,116

SAR in 000s	Capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total
Other comprehensive loss	-	-	(161)	(19,576)	(19,737)
Total comprehensive income	**-**	**-**	**(161)**	**829,540**	**829,378**
Transactions with owners					
Dividends	-	-	-	(535,000)	(535,000)
Transfer to statutory reserve	-	84,912	-	(84,912)	-
Transfer to increase capital	950,000	-	-	(950,000)	-
Balance as on 31 December 2020G	**1,000,000**	**109,912**	**(161)**	**969,030**	**2,078,781**
Six-month period 2021G (reviewed)					
Balance as on 1 January 2021G	1,000,000	109,912	(161)	969,030	2,078,781
Profit for the period	-	-	-	421,846	421,846
Other comprehensive loss	-	-	(26)	(20,891)	(20,917)
Total comprehensive income	-	-	(26)	400,955	400,929
Dividends	-	-	-	(460,000)	(460,000)
Balance as on 30 June 2021G (reviewed)	**1,000,000**	**109,912**	**(187)**	**909,985**	**2,019,710**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the interim condensed consolidated statement of financial position as on 30 June 2021G.

Capital

The company's capital amounted to SAR 50.0 million as on 31 December 2018G and 31 December 2019G.

The company's capital rose to SAR 1 billion as on 31 December, 2020G, after the company's board of directors decided to increase the capital through retained earnings by SAR 950.0 million.

The company's capital balance settled at SAR 1 billion as on 30 June, 2021G.

Statutory reserve

In accordance with the company's articles of association, the company is required to transfer 10% of its annual net income to a statutory reserve. The ordinary General Assembly can decide to stop transferring to the above-mentioned reserve till it reaches 30% of paid share capital. Statutory reserve remained stable at SAR 25.0 million as on 31 December 2018G and 31 December 2019G.

Statutory reserve increased from SAR 25.0 million as on 31 December 2019G to SAR 109.9 million as on 31 December 2020G, in line with the increase in capital.

Statutory reserve remained stable on SAR 109.9 million as on 30 June 2021G.

Retained earnings

Retained earnings increased from SAR 1.6 billion as on 31 December 2018G to SAR 1.7 billion as on 31 December 2019G due to the profit for the year amounting to SAR 692.0 million. This was offset by dividends paid to partners (-SAR 500.0 million) and the IFRS impact (-SAR 64.6 million).

Retained earnings decreased from SAR 1.7 billion as on 31 December 2019G to SAR 969.0 million as on 31 December 2020G mainly due to transferring SAR 950.0 million from retained earnings to the capital balance to increase the capital to SAR 1.0 billion. In addition to dividends paid (SAR 535.0 million). This was offset by an increase in the profit for the year by SAR 849.1 million.

Retained earnings decreased from SAR 969.0 million as on 31 December, 2020G to SAR 910.0 million as on 30 June 2021G due to dividends paid (-SAR 460.0 million), while this was offset by an increase in profit for the period by SAR 421.8 million).

Foreign currency translation reserve

Most of the Group's transactions are mainly in Saudi Riyals, transactions in foreign currency are not material. A loss of SAR 187 thousand was recorded as a result of translation in foreign currencies as on 30 June 2021G.

6.6.34 Statement of cash flow

Table (6-45): Statement of cash flows for the financial years ended 31 December 2018G, 2019G, 2020G and the unaudited consolidated cash flow statement for the six month period ended 30 June 2021G.

SAR in 000s	Financial year 2018G Audited	Financial year 2019G Audited	Financial year 2020G Audited	6-month period ended 30 June 2021G Unaudited
Cash flow from operating activities				
Profit for the period before zakat	**638,797**	**768,632**	**894,446**	**447,313**
Adjustment to reconcile profit for the period before zakat to net cash flows from operating activities				
Depreciation of property and equipment	118,078	130,482	140,630	77,881
Depreciation of right-of-use assets	-	343,363	349,014	192,227
Amortization of intangible assets	24,964	21,482	17,534	12,493
Write-off of property and equipment	-	2,246	-	-
Write-off of intangible assets	2	-	-	-
Loss (Gain) on disposal of property and equipment	34,254	2,259	(1,126)	(39)
Loss on termination of right-of-use assets	-	-	-	-
Reversal of inventory	-	-	-	-
Impairment loss of property and equipment	-	14,270	8,599	-
Impairment of investment property	-	1,894	14,000	-
Provision for employee benefits	23,384	24,363	57,380	24,624
(Reversal)/ provision for slow moving and obsolete inventories	55,488	31,190	142,329	(24,158)
Write-off inventory	-	-	-	-
Allowance for expected credit losses (ECL)	9,871	25,000	(18,000)	-
Foreign currency translation reserve	-	-	-	(26)
Finance costs	-	55,354	47,193	38,488
Amortization of prepayments and other assets	-	1,791	2,592	-
Changes in:				
Inventories	49,618	(33,131)	(189,426)	26,949
Trade receivables	1,964	(58,228)	62,362	(92,904)
Prepayments and other assets	18,364	(26,656)	(23,163)	(11,725)
Trade payables	5,664	84,471	(70,247)	160,990
Accrued expenses and other current liabilities	28,672	22,355	217,475	(75,175)
Cash generated from operating activities	1,009,119	1,411,137	1,651,592	776,935
Finance costs paid	-	(7,819)	-	(38,488)
Paid employees' benefits	(7,424)	(20,007)	(34,800)	(16,822)
Zakat paid	(21,723)	(35,246)	(30,943)	(46,207)
Cash generated from operating activities	**979,972**	**1,348,066**	**1,585,848**	**675,418**
Cash flows from investing activities				
Proceeds from disposal of property and equipment	-	6,184	13,822	79
Purchase of property and equipment	(162,497)	(217,974)	(295,848)	(135,798)

SAR in 000s	Financial year 2018G Audited	Financial year 2019G Audited	Financial year 2020G Audited	6-month period ended 30 June 2021G Unaudited
Acquisition of Intangible assets	(20,519)	(16,444)	(23,951)	(13,960)
Investment at amortized cost	(200,359)	(2,472)	202,832	(600,000)
Net cash used in investing activities	**(383,375)**	**(230,706)**	**(103,146)**	**(749,679)**
Cash flows from financing activities				
Payment of lease obligations	-	(415,080)	(311,526)	(150,505)
Dividend paid	(550,000)	(500,000)	(535,000)	(460,000)
Net cash used in financing activities	**(550,000)**	**(915,080)**	**(846,526)**	**(610,505)**
Net change in cash and cash equivalents	**46,597**	**202,280**	**636,176**	**(684,766)**
Cash and cash equivalents as at the beginning of the period	121,235	170,073	372,354	1,008,530
Cash and cash equivalents classified as held for sale	**2,241**	**-**	**-**	**-**
Cash and equivalents as at the ending of the period	**170,073**	**372,354**	**1,008,530**	**323,764**

Source: Consolidated audited financial statements for the years ended on 31 December 2018G, 2019G, 2020G and the unaudited condensed consolidated interim financial statements that were examined for the period ended 30 June 2021G.

Net cash generated from operating activities

Net cash generated in operating activities increased from SAR 980.0 million in the financial year 2018G to SAR 1.3 billion in the financial year 2019G, and further to SAR 1.6 billion in the financial year 2020G as a result of:

- Increase in profit before zakat increased at a CAGR of +17.9% in line with the growth in revenue.
- Non-cash adjustment driven by amortisation of right-of-use assets following the adoption of IFRS16 in FY19 (+SAR 349.0 million) and an increase in provision for slow moving inventory items in financial year 2020G (+SAR 86.8 million);
- Increase in working capital (+SAR 107.3 million) mainly due to higher inventory balances primarily driven by the demand on Wellness products which include COVID related items during the financial year 2020G.

Operating cash flow decreased to SAR 675.4 million in the six-month period 2021G driven by profit of SAR 447.3 million which represented half year of profits and the increase in working capital requirement.

Net cash used in investing activities

Net cash used in investing activities decreased from SAR 383.4 million in the financial year 2018G to SAR 230.7 million in the financial year 2019G mainly due to a decrease in investments at amortized costs (-SAR 197.9 million) in addition to an increase in proceeds from disposal of property and equipment (+SAR 6.1 million).

Net cash used in investing activities decreased from SAR 230.7 million in the financial year 2019G to SAR 103.1 million in the financial year 2020G due to increase in investments at amortized cost (+SAR 205 million) in addition to an increase in proceeds from disposal of property and equipment (+SAR 7.7 million).

Net cash used in investing activities increased from SAR 103.1 million in the financial year 2020G to SAR 749.7 million in the six-month period 2021G due to increase in investment at amortized cost (+SAR 802.8 million).

Net cash used in financing activities

Net cash used in financing activities increased from SAR 550.0 million in the financial year 2018G to SAR 915.1 million in the financial year 2019G due to an increase in payments of lease obligations (+SAR 415 million) due to the adoption of IFRS16.

Net cash used in financing activities decreased from SAR 915.1 million in the financial year 2019G to SAR 846.5 million in the financial year 2020G due to lower payments of lease obligation (-SAR 104 million).

Net cash used in financing activities decreased from SAR 846.5 million in the financial year 2020G to SAR 610.5 million in the six-month period 2021G due to lower payments of lease obligation (-SAR 161 million) and dividend paid (-SAR 75 million) during the same period.

6.6.35 Comparative figures

Certain account balances for the fiscal year 2020 have been reclassified by the company's auditor to improve the quality of the information provided.

Following is a summary of the reclassification in the consolidated statement of financial position for the year ended 31 December 2020G:

SAR in 000s	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the audited financial statements of 31 December 2020G	Reclassification	Classification of the accounts for the fiscal period ended on 31 December 2020G reported in the reviewed financial statements of 31 December 2021G
Prepayments and other non-current assets	4,635	(4,635)	-
Intangible assets	41,572	41,572	46,207
Prepayments and other current assets	174,552	(3,720)	170,832
Trade receivables	94,779	3,720	98,499
Inventories	1,180,966	(32,045)	1,148,921
Property and equipment	779,590	27,865	807,455
Accruals and other current liabilities	457,825	4,180	453,646

7- DIVIDEND DISTRIBUTION POLICY

Under Article 110 of the Companies Law, a Shareholder is vested with all rights attached to 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 before approval by the Shareholders at the meeting of the General Assembly. Any decision to declare dividends will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's Zakat position, and legal and regulatory considerations. For example, Shares give their holders the right to receive the dividends announced by the Company from the date of this Prospectus and in the following fiscal years. Despite the Company's intention to distribute annual dividends to its shareholders, 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 Company's 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- 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 30% of the Company's share capital.
2- Unless the holders of cash Shares decide to form other reserves, or carry forward the balance of profits, in whole or in part, to the following fiscal year, the remainder shall be distributed at a ratio equivalent to 99.98% to the holders of cash Shares, in proportion to their respective participation in the Company's capital, and 0.02% to the business partner. As an exception to the foregoing, the business partner's right shall be limited to profits resulting from the activity of pharmacies only, and it shall not have any rights in profits resulting from any other activities (as the Issuer's activities -and not those of its Subsidiaries - include pharmacies only, while the activities of the Issuer's Subsidiaries include non-pharmacy activities and are concerned by that restriction). Dividends shall be the exclusive right of the holders of cash Shares, in proportion to their respective participation in the Company's capital.
3- The Company may, upon recommendation of the Board of Directors, and subject to the approval of the Ordinary General Assembly, set aside a percentage of the annual net profits to form an additional reserve to be allocated for the purpose of supporting the financial condition of the Company.
4- The Ordinary General Assembly may resolve to set aside other reserves, to the extent that doing so serves the interest of the Company or ensures the distribution of as stable a dividend as possible to shareholders. 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.
5- The Ordinary General Assembly may distribute the remainder among the Shareholders.
6- The Board of Directors may resolve to distribute periodic dividends to the Shareholders.

The following is a summary of share dividends declared and distributed by the Company during the years ended 31 December 2018G, 2019G, 2020G and the Six Month Period Ended 30 June 2021G, respectively:

Table (7-1): Dividends declared and distributed by the Company during the years ended 31 December 2018G, 2019G, 2020G and the Six Month Period Ended 30 June 2021G, respectively:

	31 December 2018G	31 December 2019G	31 December 2020G	Period Ended 30 June 2021G
Declared Dividends	550,000	500,000	535,000	460,000
Dividends Paid for the period	550,000	500,000	535,000	460,000
Net Profit for the period	610,653	692,002	849,116	421,846
% of declared dividends to the Company's net income	90.1%	72.3%	63.0%	109.0%

Source: The Company.

On 05/02/1443H (corresponding to 12/09/2021G), the Shareholders holding all cash shares in the Company's capital unanimously resolved to distribute dividends to the Shareholders holding all cash shares in the Company's capital from the balance of retained earnings rounded up at six hundred million (600,000,000) Saudi riyals, in proportion to each Shareholder's participation in the Company's capital. On 20/02/1443H (corresponding to 27/09/2021G), the Shareholders holding all the cash shares in the Company's capital resolved unanimously, based on the recommendation of the Board of Directors which held its meeting on 19/02/1443H (corresponding to 26/09/2021G), to distribute interim dividends to the Shareholders holding all the cash shares in the Company's capital, from the dividends of the fiscal year ending on 31/12/2021G at a value of two hundred million (200,000,000) Saudi riyals, in proportion to each Shareholder's participation in the Company's capital. These interim dividends were paid to the Shareholders on 04/11/2021G.

8- USE OF PROCEEDS

Total proceeds from the Offering are estimated at around SAR [•] of which approximately eighty million (SAR 80,000,000) Saudi Riyals will be applied towards the Offering expenses, which include the fees of the Financial Advisors, the Lead Manager, the Underwriters, the Legal Advisor, the Auditor, the Receiving Agent, and the Market Consultant, as well as marketing, printing, distribution and translation fees, and other costs and expenses related to the Offering.

The Net Proceeds from the Offering of approximately SAR [•] will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Offer Shares being sold. The Company will not receive any part of the net proceeds from the Offering. The Selling Shareholders shall bear all the fees, expenses and costs related to the Offering.

9- CAPITALIZATION AND INDEBTEDNESS

Prior to the Offering, the Current Shareholders owned the entire share capital of the Company and, following the completion of the Offering, the Current Shareholders will collectively own 70% of the share capital of the Company.

The table below sets out the capitalization of the Company as derived from the audited financial statements for the financial years ended 31 December 2018G, 2019G, 2020G and the Six Month Period Ended 30 June 2021G respectively. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto, which are set out in Section 20 ("**Financial Statements and Independent Auditors' Reports**").

Table (9-1): Capitalization and Indebtedness of the Company

SAR in 000s	31 Dec 2018G	31 Dec 2019G	31 Dec 2020G	Six Month Period Ended 30 June 2021G
Total loans				
Equity	1,678,886	1,784,403	2,078,781	2,019,710
Share capital*	50,000	50,000	1,000,000	1,000,000
Proposed capital increase				
Statutory reserve	25,000	25,000	109,912	109,912
Actuarial valuation reserve				
Retained earnings	1,603,886	1,709,403	969,030	909,985
Total equity	**1,678,886**	**1,784,403**	**2,078,781**	**2,019,710**
Total capitalization (Total loans + Total equity)	**1,678.886**	**1,784,403**	**2,078,781**	**2,019,710**

Source: the Company, and financial information for financial years 2018G, 2019G, 2020G, which has been extracted from the comparative financial information contained in the financial statements for financial years 2018G, 2019G, and 2020G, and for the Six Month Period Ended 30 June 2021G, together with the notes thereto, in each case prepared in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia (IFRSKSA) and other standards and pronouncements that are endorsed by SOCPA.

* On 19/02/1443H (corresponding to 26/09/2021G), the Company increased its capital from one billion Saudi riyals (SAR 1,000,000,000) to one billion three hundred million Saudi riyals (SAR 1,300,000,000). The impact of this capitalization will be felt in Q3 FY21G.

The Directors confirm that:

- As the date of this Prospectus, none of the Company's share capital is under option.
- As the date of this Prospectus, the Company does not have any debt instruments.
- They believe that its existing cash balances and cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least 12 months following the date of this Prospectus, subject to no material adverse change affecting the Company's business.

10- EXPERTS' STATEMENT

As at the date hereof, the Advisors listed on pages (vi) and (vii) have given and not withdrawn their written consent to the publication of their names, addresses, logos and statements attributed to them in form and in text as contained in this Prospectus as presented herein. Neither they nor any of their employees (forming part of the team serving the Company), or relatives have any shareholding or interest of any kind in the Company or any of its subsidiaries as at the date of this Prospectus, which would impair their independence.

11- DECLARATIONS

The Directors declare the following:

- The Listing does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
- The Listing does not constitute a breach of any contract/agreement entered into by the Issuer.
- All material legal issues concerning the Issuer have been disclosed in the Prospectus.
- The Issuer is not subject to any claims, or any type of legal proceedings that could individually or collectively have a material effect on its business or financial position.
- The Directors of the Issuer are not subject to any claims or any type of legal proceedings that could individually or collectively have a material effect on the Issuer's business or financial position.
- Except as described in Section 5.1 ("**Board Members and Secretary**"), Section 5.4 ("**Senior Management**") and Section 12.8 ("**Related Party Transactions**"), none of the members of the Board of Directors nor any member of the Senior Executives nor the Secretary nor any of their relatives nor dependents have a direct or indirect interest whatsoever in the Company's or its Subsidiaries' Shares, nor any interest in any other matter which may impact the Company's businesses.
- Except as described in Section 5.7 ("**Conflict of Interest**"), they do not themselves, nor do any of the Senior Executives, Secretary, or their relatives or affiliates, have any interest in any written or verbal contract or arrangement contemplated or expected to be conducted with the Company or its Subsidiaries.
- Except as described in Section 12.8 ("**Related Party Transactions**"), as at the date of this Prospectus, there is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company.
- Except as described in Section 4.7 ("**Overview of the Shareholders**") and Section 5.7 ("**Conflict of Interest**") of this Prospectus, neither they nor any of their relatives or affiliates have any Shares or interest of any kind in the Company, until the date of this Prospectus.
- The Company possesses the necessary regulations and policies needed to prepare the annual financial statements in conformity with full IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA, and within the deadlines set in the OSCOs. Furthermore, the Company possesses the necessary regulations and policies to prepare all the other financial and non-financial reports, as required by the OSCOs and within the timeframes set out in the OSCOs.
- There are no material changes in the Issuer's accounting policies, as the Company has adopted the IFRS-KSA.
- The Company, individually or jointly with its Subsidiaries, has sufficient working capital for at least 12 months immediately following the date of this Prospectus.
- The Company has not issued any debt instruments, nor does it have any term loans or any other material outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments), other than what was disclosed in Section 12.9 ("**Credit Facilities and Loans**").
- There is no intention to materially change the nature of the Company's business, and there has been no interruption in the business of the Company or that of its Subsidiaries that may significantly affect or have affected their financial position in the last 12 months.
- No commissions, discounts, brokerages or other non-cash compensations were granted to any of the Directors by the Company or its Subsidiaries within the three years immediately preceding application for registration and offer of securities in connection with the issue or sale of any securities.
- There has been no material adverse change in the financial or trading position of the Company or its Subsidiaries in the three years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus, in addition to the period since the end of the period covered by the accountant's report and until the date of this Prospectus.
- The internal control measures and regulations were soundly prepared to establish a written policy that regulates present or potential conflicts of interest, including the misuse of the Company's assets and misfeasance resulting from transactions with Related Parties; in addition to safeguarding the security of financial and operational systems, and ensuring the implementation of appropriate supervisory measures to manage potential risks in accordance with Article 22 of the Corporate Governance Regulations. Furthermore, the Board shall conduct annual reviews of the Company' internal control measures.
- The audited financial statements for the financial years ended 31 December 2018G, 31 December 2019G, and 31 December 2020G have been prepared in accordance with full IFRS-KSA, and with other standards and pronouncements that are endorsed by SOCPA. The financial data in this Prospectus has been extracted without any material deviation from the Financial Statements and are presented in a manner consistent with the Financial Statements.
- None of the Directors or the CEO will vote on General Assembly resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.

- The Directors have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of securities and Continuing Obligations and Listing Rules.
- There is no pledge, mortgage or financial burden on any of the Company' assets.
- As at the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other arrangement involving the employees in the capital of the Company.
- Unless otherwise approved by the General Assembly, the Directors may not have a direct or indirect interest in the transactions and contracts entered into by the Company.
- The Directors will notify the Board of any direct or indirect interest they may have in the transactions and contracts entered into by the Company, and this notification will be recorded in the minutes of the Board of Directors meeting.
- As at the date of this Prospectus, the Company has not adopted any research and development policies.
- No Shares of the Company are under option, as at the date of this Prospectus.
- The Directors have not at any time been declared bankrupt or been subject to bankruptcy proceedings.
- None of the companies in which any of the Directors, Senior Executives or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past 5 years preceding the date of this Prospectus.
- No powers exist giving any of the Directors the right to borrow money from the Company.

The Directors further declare complying with the provisions of Articles 71, 72, 73, 74 and 75 of the Companies Law and Article 46 of the Corporate Governance Regulations with respect to contracts with related parties as follows:

- All transactions entered into by the Company with Related Parties shall be entered into on a commercial basis, and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, and if required by the Law, the Ordinary General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the Ordinary General Assembly.
- The members of the Board of Directors declare that they have not participated, jointly or severally, in any activities similar or competitive with the activities of the Company. The Directors further undertake to fulfil the requirements of the Companies Law.
- Neither the Directors nor any Senior Executive shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the CEO declare that:

- The Directors, Managing Director and the CEO shall not have the right to vote on decisions relating to their fees and remuneration.

The Directors also declare:

- That the internal control, accounting and IT systems of the Company are sufficient and adequate.
- This Prospectus contains all the information to be included under the OSCOs requirements, and does not omit any other fact that would have any impact on the Offer and the investment decision.
- Third party information and data included in this Prospectus, including the information obtained or derived from the market research conducted by the Market Consultant, is reliable and the Company has no reason to believe that such information is inaccurate.
- That all terms and conditions that may affect the decisions of the Subscribers to invest in Offer Shares have been disclosed.
- That the Company currently has no intention to sign any new contracts with any related parties, except for the renewal of contracts with the related parties that have been previously concluded and referred to in this Prospectus. In the case that the Company wishes to sign new contracts with related parties in the future, the Company shall adhere to Articles 71, 72, 73, 74 and 75 of the Companies Law and Article 46 of the Corporate Governance Regulations.
- That as at the date of this Prospectus, the Shareholders whose names appear in Table 4-2 ("**The Company's Ownership Structure Pre and Post-Offering**") of this Prospectus are the legal and beneficial owners of the Shares in the Company.
- That all increases in the capital of the Company are in compliance with the laws and regulations applicable in Saudi Arabia.
- The Company does not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect the balance sheet.
- Except as disclosed in Section 2 ("**Risk Factors**"), the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations.
- Except as disclosed in Section 2 ("**Risk Factors**"), the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company' operations or financial position.

- The Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its insurance policies regularly, to ensure continued insurance coverage and it took all reasonable security measures as per applicable industry practices.
- All agreements which the Company considers to be material or important or which have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.
- Except as disclosed in Section 2 ("**Risk Factors**"), and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares.
- Except as disclosed in Section 12.5 ("**Governmental Approvals, Licenses and Certificates**"), as at the date of this Prospectus, the Company has obtained all necessary licenses and permits to carry out its business activities.
- The Company is not a party to any litigation, claims, lawsuits or current investigations that could materially affect its business operations or financial position.
- The audited financial statements for the financial years ended 31 December 2018G, 31 December 2019G, and 31 December 2020G, together with the notes thereto, have been prepared in accordance with full IFRS-KSA, and with other standards and pronouncements that are endorsed by SOCPA. No material amendments have been made thereto except for financial and statistical information which have been subject to rounding.
- All necessary approvals have been obtained from lenders to offer 30% of the Company shares in order for the Company to be a public joint-stock company.
- The Company is in compliance with all terms and conditions under the agreements with lenders granting loans, facilities and financing.
- They shall record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors.
- They shall disclose the details of any Related Party transactions in accordance with the Companies Law, the Corporate Governance Regulations and the Capital Market regulations.
- They shall comply with the provisions of Articles 71, 72 and 73 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.
- The Company shall, prior to listing its shares on the stock exchange, separate the audit committee from the risk committee so that the audit committee becomes an independent committee in accordance with the CMA's Corporate Governance Regulations.
- Compliance with the provisions of Article 76 of the Companies Law since its conversion into a joint-stock company and that post conversion the Company has amended its corporate governance manual to be in compliance with Article 76 of the Companies Law from the time of its conversion.
- The Company is in good legal standing and complies with the applicable laws, as it implements "**Business Partner**" provisions in accordance with the Companies Law, the Capital Market Law, and the relevant implementing regulations.

12- LEGAL INFORMATION

12.1 Declarations Related to Legal Information

The Board of Directors declare that:

- The Offering does not violate the applicable laws and regulations in the Kingdom.
- The Offering does not prejudice any contracts or agreements to which the Company is a party.
- All material legal information relating to the Company has been disclosed in the Prospectus.
- Except as disclosed in Section 12.12 ("**Litigation**"), the Company and its subsidiaries are not involved in any legal proceedings that may, individually or collectively, have a material effect on the business of the Company or its subsidiaries or the financial position of the Company.
- The Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Company or its subsidiaries or the financial position of the Company.
- Except as disclosed in Section 5.7 ("**Conflict of Interests**"), the members of the Board and Executive Management declare that they have not been involved, individually or collectively, in any activities that are similar to, or competing with, the Company's or its subsidiaries', and pledge to abide by the requirements of the Companies Law.

12.2 The Company

Nahdi Medical Company is a closed joint-stock company established under commercial registration no. 4030053868 dated 11/10/1406H (corresponding to 18/06/1986G), and pursuant to ministerial resolution no. 582, dated 29/02/1443H (corresponding to 06/10/2021G) approving its conversion into a joint-stock company. The Company operates in accordance with the MoH license no. 3673110126 dated 22/12/1424H (corresponding to 28/12/2003G). The Company's head office is located, as in the Commercial Register, at Abraq Al-Roghamah district, Jeddah, P.O. Box 17129 (Postal Code 21484). The current fully paid up share capital of the Company is SAR 1,300,000,000, divided into one hundred and thirty million (130,000,000) Ordinary Shares with a nominal value of SAR 10 per share. Its main activities, as indicated in its commercial registration certificate, include the wholesale of medical devices and equipment, pharmaceutical activities, drug warehouse activities, and retail of medical devices, equipment, and supplies. For further details, please refer to Section 4.1 ("**Overview of the Company and its Business Activities**").

12.3 Company's Ownership Structure

The following table shows the Company's shareholding structure before and after the Offering.

Table (12-1): Company's Ownership Structure Before and After the Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Par Value (SAR)	Ownership (%)	No. of Shares	Par Value (SAR)	Ownership (%)
Al-Nahdi Holding Co. Ltd.	65,000,000	650,000,000	50%	45,500,000	455,000,000	35%
Saudi Economic and Development Holding Company (SEDCO)	65,000,000	650,000,000	50%	45,500,000	455,000,000	35%
Public	-	-	-	39,000,000	390,000,000	30%
Total	**130,000,000**	**1,300,000,000**	**100%**	**130,000,000**	**1,300,000,000**	**100%**

Source: The Company.

Details regarding the ownership of each founding shareholder are provided in Section 4.7 ("**Overview of Shareholders**").

12.4 Subsidiaries

The Company holds direct and indirect ownership interests in the following subsidiaries:

Table (12-2): List of Subsidiaries

	Name of the Subsidiary	Country of Incorporation	Direct Interest (%)	Indirect Interest (%)
1	Nahdi Care Co. Ltd.	Saudi Arabia	100%	-
2	Sakhaa Golden for Contracting & Trading Co. Ltd.	Saudi Arabia	100%	-
3	Nahdi Investment Co. Ltd.	United Arab Emirates	100%	-

Source: The Company.

For more details on the subsidiaries and their ownership, see Section 4.8 "**Overview of the Subsidiaries**".

12.5 Governmental Approvals, Licenses and Certificates

The Company and its subsidiaries (including all branches thereof) obtained a number of legal and operational licenses and certificates from the competent authorities. Such licenses and certificates are periodically renewed. The Board Members declare that the Company has obtained all such licenses and approvals as necessary for practicing its activities. The following tables show the current licenses and certificates obtained by the Company or its subsidiaries.

Table (12-3): Details of Commercial Registration Certificates Obtained by the Company and its Subsidiaries

Company	Location	Type of Entity	CR No.	Registration Date	Expiration Date
The Company	Jeddah	Closed joint-stock company	4030053868	11/10/1406H (corresponding to 18/06/1986G)	29/05/1445H (corresponding to 13/12/2023G)
Nahdi Care Co. Ltd.	Jeddah	Limited liability company	4030158847	05/11/1426H (corresponding to 07/12/2005G)	05/11/1444H (corresponding to 25/05/2023G)
Sakhaa Golden for Contracting & Trading Co. Ltd.	Jeddah	Limited liability company	403163145	29/06/1427H (corresponding to 25/07/ 2006G)	29/06/1445H (corresponding to 11/07/2024G)
Nahdi Investment Co. Ltd.	United Arab Emirates	Limited liability company	1384313	06/01/2019G	05/01/2023G

Source: The Company.

Table (12-4): Details of Commercial Registration Certificates Obtained by Branches of the Company

No.	Pharmacy No.	CR No.	Registration Date	Expiration Date
Main Pharmacies				
1-	7823	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
2-	1239	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
3-	1279	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
4-	4009	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
5-	8216	4650035174	05/04/1425H (corresponding to 24/05/2004G)	04/04/1447H (corresponding to 26/09/2025G)
6-	7228	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
7-	1233	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
8-	6011	5850023946	07/06/1424H (corresponding to 05/08/2003G)	07/06/1445H (corresponding to 20/12/2023G)
9-	2015	4031044920	04/08/1424H (corresponding to 30/09/2003G)	03/08/1445H (corresponding to 09/04/2024G)
10-	3076	4650035174	05/04/1425H (corresponding to 24/05/2004G)	04/04/1447H (corresponding to 26/09/2025G)
11-	1002	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
12-	9812	5855023957	08/06/1424H (corresponding to 06/08/2003G)	08/06/1445H (corresponding to 21/12/2023G)
13-	9433	7012668062	05/04/1425H (corresponding to 24/05/2004G)	04/04/1447H (corresponding to 26/09/2025G)

No.	Pharmacy No.	CR No.	Registration Date	Expiration Date
14-	7781	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
15-	5024	2050050664	26/02/1427H (corresponding to 27/03/2006G)	25/02/1448H (corresponding to 10/08/2026G)
16-	2049	4031044920	04/08/1424H (corresponding to 30/09/2003G)	03/08/1445H (corresponding to 09/04/2024G)
17-	9240	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
18-	1221	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
19-	1072	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
20-	7635	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
21-	1219	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
22-	1069	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
23-	1008	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
24-	6026	5900120635	14/03/1441H (corresponding to 11/11/2019G)	14/03/1446H (corresponding to 17/09/2024G)
25-	8402	5855023957	08/06/1424H (corresponding to 06/08/2003G)	08/06/1445H (corresponding to 21/12/2023G)
26-	4004	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
27-	9731	2050050664	26/02/1427H (corresponding to 27/03/2006G)	25/02/1448H (corresponding to 10/08/2026G)
28-	7660	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
29-	8429	5900120635	14/03/1441H (corresponding to 11/11/2019G)	14/03/1446H (corresponding to 17/09/2024G)
30-	8708	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
31-	2512	4032032921	26/07/1424H (corresponding to 23/09/2003G)	26/07/1445H (corresponding to 07/02/2024G)
32-	9241	4031044920	04/08/1424H (corresponding to 30/09/2003G)	03/08/1445H (corresponding to 09/04/2024G)
33-	7809	4031044920	04/08/1424H (corresponding to 30/09/2003G)	03/08/1445H (corresponding to 09/04/2024G)
34-	2059	4031044920	04/08/1424H (corresponding to 30/09/2003G)	03/08/1445H (corresponding to 09/04/2024G)
35-	1214	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
36-	2523	4032032921	26/07/1424H (corresponding to 23/09/2003G)	26/07/1445H (corresponding to 07/02/2024G)
37-	1089	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
38-	7620	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
39-	7811	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
40-	1021	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
41-	8132	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
42-	9717	4650035174	05/04/1425H (corresponding to 24/05/2004G)	04/04/1447H (corresponding to 26/09/2025G)
43-	6111	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
44-	7471	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
45-	8525	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 05/07/2028G)
46-	1243	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
47-	7724	5900120635	14/03/1441H (corresponding to 11/11/2019G)	14/03/1446H (corresponding to 17/09/2024G)
48-	6001	5855023957	08/06/1424H (corresponding to 06/08/2003)	08/06/1445H (corresponding to 21/12/2023G)
49-	5015	2050050664	26/02/1427H (corresponding to 27/03/2006G)	25/02/1448H (corresponding to 08/08/2026G)
50-	9800	4030124053	20/01/1419H (corresponding to 16/05/1998G)	25/02/1448H (corresponding to 08/08/2026G)
51-	7821	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
52-	1258	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
53-	9338	3350131585	04/05/1441H (corresponding to 30/12/2019G)	04/05/1447H (corresponding to 26/10/2025G)
54-	7407	2050050664	26/02/1427H (corresponding to 27/03/2006G)	25/02/1448H (corresponding to 10/08/2026G)

No.	Pharmacy No.	CR No.	Registration Date	Expiration Date
55-	1081	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
56-	6112	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
57-	7826	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
58-	7814	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
59-	7000	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
60-	8205	5950117233	20/03/1441H (corresponding to 17/11/2019G)	20/03/1447H (corresponding to 12/09/2025G)
61-	1237	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
62-	8418	5900120635	14/03/1441H (corresponding to 11/11/2091G)	14/03/1446H (corresponding to 17/09/2024G)
63-	7413	2055123809	22/12/1439H (corresponding to 02/09/2018H)	07/11/1445H (corresponding to 15/05/2024G)
64-	8114	4031044920	04/08/1424H (corresponding to 30/09/2003G)	03/08/1445H (corresponding to 09/04/2024G)
65-	8504	5950117233	20/03/1441H (corresponding to 17/11/2019G)	20/03/1447H (corresponding to 12/09/2025G)
66-	5030	2050050664	26/02/1427H (corresponding to 26/03/2006G)	25/02/1448H (corresponding to 08/08/2026G)
67-	1038	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
68-	3073	4650035174	05/04/1425H (corresponding to 24/05/2004G)	04/04/1447H (corresponding to 26/09/2025G)
69-	7732	5950117233	20/03/1441H (corresponding to 17/11/2019G)	20/03/1447H (corresponding to 12/09/2025G)
70-	8631	4650035174	05/04/1425H (corresponding to 24/05/2004G)	04/04/1447H (corresponding to 26/09/2025G)
71-	1114	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
72-	4059	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
73-	5010	2050050664	26/02/1427H (corresponding to 27/03/2006G)	25/02/1448H (corresponding to 10/08/2026G)
74-	4025	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
75-	2529	4032032921	27/07/1424H (corresponding to 24/09/2003G)	26/07/1445H (corresponding to 07/02/2024G)
76-	8613	5800104904	29/03/1441H (corresponding to 26/11/2019G)	29/03/1445H (corresponding to 14/10/2023G)
77-	7627	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
78-	7419	2252032301	05/06/1426H (corresponding to 11/07/2005G)	04/06/1447H (corresponding to 25/11/2025G)
79-	2046	4031044920	04/08/1424H (corresponding to 30/09/2003G)	03/08/1445H (corresponding to 09/04/2024G)
80-	1172	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
81-	1043	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
82-	9334	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
83-	8415	5851874572	20/03/1441H (corresponding to 11/12/2019G)	20/03/1447H (corresponding to 12/09/2025G)
84-	5070	2050050664	27/03/1427H (corresponding to 27/03/2006G)	25/02/1448H (corresponding to 10/08/2026G)
85-	1272	4030124053	20/10/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
86-	1064	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
87-	7119	5900120635	14/03/1441H (corresponding to 11/11/2019G)	14/03/1446H (corresponding to 17/09/2024G)
88-	7632	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
89-	9220	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
90-	7652	4031044920	04/08/1424H (corresponding to 30/09/2003G)	03/08/1445H (corresponding to 09/04/2024G)
91-	7830	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
92-	4001	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
93-	7754	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
94-	1119	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
95-	8212	5855023957	08/06/1424H (corresponding to 06/08/2003G)	08/06/1445H (corresponding to 21/12/2023G)

No.	Pharmacy No.	CR No.	Registration Date	Expiration Date
96-	7358	5855023957	08/06/1424H (corresponding to 06/08/2003G)	08/06/1445H (corresponding to 21/12/2023G)
97-	5000	2050050664	26/02/1427H (corresponding to 27/03/2006G)	25/02/1448H (corresponding to 10/08/2026G)
98-	8616	5800104904	29/03/1441H (corresponding to 26/11/2019G)	29/03/1445H (corresponding to 14/10/2023G)
99-	3012	4650035174	05/04/1425H (corresponding to 24/05/2004G)	04/04/1447H (corresponding to 26/09/2025G)
100-	7302	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
101-	1015	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
102-	4005	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
103-	8426	5855023957	08/06/1445H (corresponding to 06/08/2003G)	08/06/1445H (corresponding to 21/12/2023G)
104-	4034	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
105-	3000	4650035174	05/04/1425H (corresponding to 24/05/2004G)	04/04/1447H (corresponding to 26/09/2025G)
106-	1093	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
107-	9836	5950117233	20/03/1441H (corresponding to 17/11/2019G)	20/03/1447H (corresponding to 12/09/2025G)
108-	8814	4032023921	26/07/1424H (corresponding to 23/09/2003G)	26/07/1445H (corresponding to 07/02/2024G)
109-	7481	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
110-	4013	1010187031	30/03/1424H (corresponding to 31/05/2003G)	15/05/1447H (corresponding to 06/11/2025G)
111-	1059	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
112-	7808)	4650035174	05/04/1425H (corresponding to 24/05/2004G)	04/04/1447H (corresponding to 26/09/2025G)
113-	8133	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
114-	9934	4603150305	12/01/1442H (corresponding to 31/08/2020G)	19/04/1445H (corresponding to 03/11/2023G)
115-	8810	1131304702	18/05/1441H (corresponding to 23/01/2020G)	28/05/1444H (corresponding to 22/12/2022G)
116-	9410	4030124053	20/01/1419H (corresponding to 17/05/1998G)	19/01/1448H (corresponding to 04/07/2026G)
117-	8821	4603150305	19/04/1441H (corresponding to 16/12/2019G)	19/04/1445H (corresponding to 03/11/2023G)
Warehouses				
1-	Jeddah	4030053868	25/10/1426H (corresponding to 27/11/2005G)	29/05/1445H (corresponding to 13/12/2023G)
2-	Khamis Mushait	5850031875	06/03/1430H (corresponding to 03/03/2009G)	06/03/1445H (corresponding to 21/09/2023G)
3-	Riyadh	1010461685	22/08/1437H (corresponding to 29/05/2016G)	23/08/1443H (corresponding to 26/03/2022G)

Source: The Company.

Table (12-5): Details of the Licenses of the Main Pharmacies

No.	Pharmacy No.	License No.	Registration Date	Expiration Date
1-	7823	2600012121	28/09/1441H (corresponding to 21/05/2020G)	23/11/1446H (corresponding to 21/05/2025G)
2-	1239	2610103006100204	18/11/1424H (corresponding to 11/01/2004G)	21/11/1443H (corresponding to 21/06/2022G)
3-	1279	2600012961	23/11/1441H (corresponding to 14/07/2020G)	19/01/1447H (corresponding to 27/06/2025G)
4-	4009	01410103006100284	02/01/1415H (corresponding to 10/06/1994G)	01/07/1444H (corresponding to 23/01/2023G)
5-	8216	4800007528	12/08/1441H (corresponding to 05/04/2020G)	07/10/1446H (corresponding to 05/04/2025G)
6-	7228	2610103006100643	15/11/1424H (corresponding to 08/01/2004G)	14/09/1447H (corresponding to 03/03/2026G)
7-	1233	2600008085	18/08/1437H (corresponding to 26/05/2016G)	17/05/1448H (corresponding to 29/10/2026G)
8-	6011	7210103006110024	26/12/1425H (corresponding to 06/02/2005G)	21/02/1446H (corresponding to 25/08/2024G)
9-	2015	2510103006110278	16/07/1422H (corresponding to 04/10/2001G)	07/09/1447H (corresponding to 24/02/2026G)
10-	3076	4910103006110100	26/02/1413H (corresponding to 25/08/1992G)	24/08/1443H (corresponding to 27/03/2022G)
11-	1002	02610103006100436	09/10/1424H (corresponding to 04/12/2003G)	05/10/1444H (corresponding to 26/04/2023G)

No.	Pharmacy No.	License No.	Registration Date	Expiration Date
12-	9812	7200007016	17/07/1434H (corresponding to 27/05/2013G)	11/03/1445H (corresponding to 26/09/2023G)
13-	9433	2510103006110469	25/07/1436H (corresponding to 13/05/2015G)	19/03/1447H (corresponding to 11/09/2025G)
14-	7781	1400007660	29/12/1430H (corresponding to 16/12/2009G)	22/08/1446H (corresponding to 21/02/2025G)
15-	5024	3800007098	12/09/1441H (corresponding to 05/05/2020G)	07/11/1446H (corresponding to 05/05/2025G)
16-	2049	250007993	13/06/1429H (corresponding to 17/06/2008G)	10/06/1444H (corresponding to 03/01/2023G)
17-	9240	2600008110	16/05/1438H (corresponding to 13/02/2017G)	02/09/1443H (corresponding to 04/04/2022G)
18-	1221	260008962	19/07/1432H (corresponding to 21/06/2011G)	11/06/1448H (corresponding to 22/11/2026G)
19-	1072	02610103006100133	20/11/1424H (corresponding to 12/01/2004G)	16/11/1444H (corresponding to 05/06/2023G)
20-	7635	1400007658	27/12/1428H (corresponding to 05/01/2008G)	16/11/1444H (corresponding to 23/07/2022G)
21-	1219	2610103006100748	27/03/1431H (corresponding to 13/03/2010G)	13/08/1446H (corresponding to 12/02/2025G)
22-	1069	02610103006100793	20/11/1424H (corresponding to 12/01/2004G)	16/11/1444H (corresponding to 05/06/2023G)
23-	1008	12610103006100669	09/10/1424H (corresponding to 04/12/2003G)	05/10/1444H (corresponding to 26/04/2023G)
24-	6026	7300006935	04/05/1428H (corresponding to 21/05/2007G)	21/03/1444H (corresponding to 17/10/2022G)
25-	8402	1200007020	10/06/1441H (corresponding to 04/02/2020G)	05/08/1446H (corresponding to 04/02/2025G)
26-	4004	1410103006100259	22/11/1414H (corresponding to 02/05/1994G)	19/12/1446H (corresponding to 15/06/2025G)
27-	9731	3800007098	12/09/1441H (corresponding to 05/05/2020G)	07/11/1446H (corresponding to 05/05/2025G)
28-	7660	1400009145	13/08/1441H (corresponding to 06/04/2020G)	08/10/1446H (corresponding to 06/04/2025G)
29-	8429	7300006927	04/01/1431H (corresponding to 21/12/2009G)	28/02/1446H (corresponding to 01/09/2024G)
30-	8708	1400007657	13/08/1441H (corresponding to 06/04/2020G)	08/10/1446H (corresponding to 06/04/2025G)
31-	2512	2710103006110012	13/04/1423H (corresponding to 23/06/2002G)	06/06/1448H (corresponding to 16/11/2026G)
32-	9241	2510103006110189	07/05/1405H (corresponding to 28/01/1985G)	05/09/1446H (corresponding to 05/03/2025G)
33-	7809	2510103006110304	12/09/1422H (corresponding to 27/11/2001G)	03/11/1447H (corresponding to 20/04/2026G)
34-	2059	250007991	10/08/1437H (corresponding to 17/05/2016G)	08/02/1448H (corresponding to 22/07/2026G)
35-	1214	02610103006100608	12/03/1424H (corresponding to 02/05/2004G)	06/06/1445H (corresponding to 19/12/2023G)
36-	2523	270008445	24/08/1441H (corresponding to 17/04/2020G)	19/01/1446H (corresponding to 15/04/2025G)
37-	1089	2610103006100092	22/11/1424H (corresponding to 15/01/2004G)	18/11/1444H (corresponding to 07/06/2023G)
38-	7620	1400007593	26/10/1436H (corresponding to 11/08/2015G)	29/04/1447H (corresponding to 21/11/2025G)
39-	7811	1400006825	22/07/1441H (corresponding to 16/03/2020G)	17/09/1446H (corresponding to 17/03/2025G)
40-	1021	00795-061-030-101-026	18/11/1422H (corresponding to 11/01/2004G)	14/11/1444H (corresponding to 03/06/2023G)
41-	8132	2600008084	06/08/1441H (corresponding to 31/3/2020)	01/10/1446H (corresponding to 31/03/2025G)
42-	9717	4800007559	29/05/1435H (corresponding to 29/05/2014G)	24/01/1446H (corresponding to 30/07/2024G)
43-	6111	260008101	15/06/1422H (corresponding to 04/09/2001G)	08/09/1444H (corresponding to 30/03/2023G)
44-	7471	1400007369	14/09/1441H (corresponding to 06/05/2020G)	09/11/1446H (corresponding to 07/05/2025G)
45-	8525	2600008099	06/08/1441H (corresponding to 31/03/2020G)	01/10/1446H (corresponding to 31/03/2025G)
46-	1243	2610103006100819	15/09/1440H (corresponding to 20/05/2019G)	15/09/1445H (corresponding to 25/03/2024G)
47-	7724	7300006778	24/03/1441H (corresponding to 21/11/2019G)	19/05/1446H (corresponding to 21/11/2024G)
48-	6001	7210203006110198	01/12/1425H (corresponding to 12/01/2005G)	27/08/1445H (corresponding to 08/03/2024)
49-	5015	3810303006110044	15/02/1425H (corresponding to 06/04/2004G)	17/06/1446H (corresponding to 19/12/2024G)
50-	9800	2600007058	09/08/1441H (corresponding to 01/05/2020G)	04/10/1446H (corresponding to 02/04/2025G)
51-	7821	2600012538	03/11/1441H (corresponding to 24/06/2020G)	28/12/1446H (corresponding to 25/06/2025G)

No.	Pharmacy No.	License No.	Registration Date	Expiration Date
52-	1258	2610103006100735	29/06/1431H (corresponding to 12/06/2010G)	22/02/1447H (corresponding to 16/08/2025G)
53-	9338	4400008336	17/02/1441H (corresponding to 16/10/2019G)	13/04/1446H (corresponding to 16/10/2024G)
54-	7407	3800007100	28/12/1441H (corresponding to 18/08/2020G)	24/02/1447H (corresponding to 18/08/2025G)
55-	1081	00475-061-030-101-026	22/11/1424H (corresponding to 26/03/2003G)	18/11/1444H (corresponding to 07/06/2023G)
56-	6112	2600008100	17/09/1429H (corresponding to 18/09/2008G)	08/09/1444H (corresponding to 30/03/2023G)
57-	7826	1400008460	17/08/1441H (corresponding to 10/04/2020G)	12/10/1446H (corresponding to 10/04/2025G)
58-	7814	2600008607	13/04/1441H (corresponding to 11/12/2010G)	08/06/1446H (corresponding to 10/12/2024G)
59-	7000	1400007387	24/11/1428H (corresponding to 03/12/2007G)	20/05/1444H (corresponding to 14/12/2022G)
60-	8205	7500007223	23/12/1428H (corresponding to 02/01/2008G)	21/12/1443H (corresponding to 20/07/2022G)
61-	1237	2610103006100630	22/11/1424H (corresponding to 15/01/2004G)	18/11/1444H (corresponding to 07/06/2023G)
62-	8418	7300006922	03/05/1430H (corresponding to 28/04/2009G)	25/06/1445H (corresponding to 07/01/2024G)
63-	7413	3800007150	28/12/1441H (corresponding to 18/08/2020G)	24/02/1447H (corresponding to 18/08/2025G)
64-	8114	2500007990	29/04/1429H (corresponding to 05/05/2008G)	25/10/1444H (corresponding to 15/05/2023G)
65-	8504	7500007199	20/07/1430H (corresponding to 13/07/2009G)	16/09/1445H (corresponding to 26/03/2024G)
66-	5030	3810103006110038	12/04/1425H (corresponding to 31/05/2004G)	05/08/1446H (corresponding to 04/02/2025G)
67-	1038	2610103006100936	25/07/1424H (corresponding to 22/09/2003G)	21/07/1444H (corresponding to 12/02/2023G)
68-	3073	04810103006110331	01/12/1433H (corresponding to 16/10/2012G)	16/09/1443H (corresponding to 17/04/2022G)
69-	7732	7500007192	13/03/1441H (corresponding to 10/11/2019G)	08/05/1446H (corresponding to 10/11/2024G)
70-	8631	4800007527	12/08/1441H (corresponding to 05/04/2020G)	07/10/1446H (corresponding to 05/04/2025G)
71-	1114	2600008148	05/04/1422H (corresponding to 27/06/2001G)	25/08/1448H (corresponding to 02/02/2027G)
72-	4059	140006850	09/07/1441H (corresponding to 03/03/2020G)	04/09/1446H (corresponding to 04/03/2025G)
73-	5010	3810303006110042	24/01/1425H (corresponding to 16/03/2004G)	06/06/1448H (corresponding to 16/11/2026G)
74-	4025	1400007689	08/09/1437H (corresponding to 13/06/2016G)	02/05/1448H (corresponding to 13/01/2026G)
75-	2529	2710103006110019	07/06/1425H (corresponding to 24/07/2004G)	22/05/1445H (corresponding to 06/12/2023G)
76-	8613	7700007746	06/08/1441H (corresponding to 30/03/2020G)	01/10/1446H (corresponding to 30/03/2025G)
77-	7627	1400007583	13/01/1437H (corresponding to 26/10/2015G)	06/09/1447H (corresponding to 23/02/2026G)
78-	7419	3500007048	18/05/1438H (corresponding to 15/02/2017G)	17/05/1444H (corresponding to 11/12/2022G)
79-	2046	2510103006110298	29/08/1422H (corresponding to 15/11/2001G)	26/08/1443H (corresponding to 29/03/2022G)
80-	1172	2610103006100951	21/11/1424H (corresponding to 14/01/2004H)	17/05/1445H (corresponding to 30/11/2023G)
81-	1043	026-101-030-061-000782	21/11/1424H (corresponding to 14/01/2004H)	14/04/1445H (corresponding to 29/10/2023G)
82-	9334	1400007661	19/08/1441H (corresponding to 14/04/2020G)	14/10/1446H (corresponding to 12/04/2025G)
83-	8415	7600006870	03/06/1441H (corresponding to 28/01/2020G)	28/07/1446H (corresponding to 28/01/2025G)
84-	5070	3810303006110057	16/06/1425H (corresponding to 03/08/2004G)	05/09/1446H (corresponding to 05/03/2025G)
85-	1272	2610103006100633	12/05/1436H (corresponding to 03/03/2015G)	07/03/1446H (corresponding to 11/09/2024G)
86-	1064	026-101-030-061-00761	18/11/1424H (corresponding to 11/01/2004G)	14/11/1444H (corresponding to 03/06/2023G)
87-	7119	7300006939	05/08/1435H (corresponding to 03/06/2014G)	02/02/1445H (corresponding to 18/08/2023G)
88-	7632	1410103006100129	11/10/1412H (corresponding to 13/04/1992G)	22/11/1446H (corresponding to 20/05/2025G)
89-	9220	2600009041	25/12/1433H (corresponding to 10/11/2012G)	23/12/1443H (corresponding to 23/07/2022G)
90-	7652	2500007308	22/10/1438H (corresponding to 16/07/2017G)	21/04/1444H (corresponding to 15/11/2022G)

No.	Pharmacy No.	License No.	Registration Date	Expiration Date
91-	7830	1400006983	15/07/1441H (corresponding to 09/03/2020G)	10/09/1446H (corresponding to 10/03/2025G)
92-	4001	1410103006100862	07/08/1414H (corresponding to 31/03/2020G)	26/03/1447H (corresponding to 18/09/2025G)
93-	7754	2600008102	26/12/1438H (corresponding to 18/09/2017G)	25/03/1444H (corresponding to 21/10/2022G)
94-	1119	026-101-030-061-00760	15/11/1424H (corresponding to 08/01/2004G)	11/11/1444H (corresponding to 31/05/2023G)
95-	8212	7200007005	04/11/1429H (corresponding to 02/11/2008G)	26/06/1445H (corresponding to 08/01/2024G)
96-	7358	7200007166	05/01/1436H (corresponding to 29/10/2014G)	18/11/1446H (corresponding to 16/05/2025G)
97-	5000	3810503006100013	19/03/1409H (corresponding to 30/10/1988G)	10/10/1443H (corresponding to 12/05/2022G)
98-	8616	7700007749	06/03/1431H (corresponding to 20/02/2010G)	29/04/1446H (corresponding to 01/11/2024G)
99-	3012	4810103006110114	11/04/1414H (corresponding to 27/09/1993G)	06/05/1448H (corresponding to 17/11/2026G)
100-	7302	1400007462	13/11/1435H (corresponding to 07/09/2014G)	19/09/1446H (corresponding to 09/03/2025G)
101-	1015	2610103006100574	15/11/1424H (corresponding to 08/01/2004G)	11/11/1444H (corresponding to 31/05/2023G)
102-	4005	1410103006100858	04/05/1414H (corresponding to 19/10/1993G)	11/10/1447H (corresponding to 30/03/2026G)
103-	8426	7200007438	28/06/1430H (corresponding to 21/06/2009G)	23/02/1446H (corresponding to 27/08/2024G)
104-	4034	1400007694	08/09/1437H (corresponding to 13/06/2016G)	06/03/1443H (corresponding to 12/10/2021G)
105-	3000	4810103006110095	12/03/1440H (corresponding to 20/11/2018G)	02/06/1445H (corresponding to 15/12/2023G)
106-	1093	026-101-030-061-00030	22/11/1424H (corresponding to 15/01/2004G)	18/11/1444H (corresponding to 07/06/2023G)
107-	9836	7500007193	08/04/1437H (corresponding to 18/01/2016G)	07/04/1443H (corresponding to 12/11/2021G)
108-	8814	2700008417	29/08/1441H (corresponding to 22/04/2020G)	24/10/1446H (corresponding to 22/04/2025G)
109-	7481	1400006821	26/04/1441H (corresponding to 23/12/2019G)	21/06/1446H (corresponding to 22/12/2024G)
110-	4013	1400007354	09/09/1426H (corresponding to 11/10/2005G)	03/10/1447H (corresponding to 22/03/2026G)
111-	1059	026-101-030-061-00134	15/11/1424H (corresponding to 08/01/2004G)	11/11/1444H (corresponding to 31/05/2023G)
112-	7808)	4800003681	19/05/1440H (corresponding to 25/01/2019G)	25/08/1446H (corresponding to 24/02/2025G)
113-	8133	2600009051	17/08/1439H (corresponding to 03/05/2018G)	12/10/1444H (corresponding to 05/03/2023G)
114-	9934	7800007726	08//08/1441H (corresponding to 01/04/2020G)	03/10/1446H (corresponding to 01/04/2025G)
115-	8810	6300008537	20/08/1441H (corresponding to 13/04/2020G)	15/10/1446H (corresponding to 13/04/2025G)
116-	9410	2600008088	27/09/1441H (corresponding to 20/05/2020G)	22/11/1446H (corresponding to 20/05/2025G)
117-	8821	7800007728	07/08/1441H (corresponding to 31/03/2020G)	02/10/1446H (corresponding to 31/03/2025G)

Source: The Company.

Table (12-6): Details of the Licenses Obtained from the Council of Cooperative Health Insurance

No.	Pharmacy No.	License No.	Expiration Date
1-	7823	2600012121	03/03/1444H (corresponding to 29/09/2022G)
2-	1239	02610103006100204	15/04/1444H (corresponding to 09/11/2022G)
3-	1279	2600012961	03/03/1444H (corresponding to 29/09/2022G)
4-	4009	01410103006100284	06/02/1444H (corresponding to 02/09/2022G)
5-	8216	4800007528	20/09/1443H (corresponding to 21/04/2022G)
6-	7228	02610103006100643	24/04/1444H (corresponding to 18/11/2022G)
7-	1233	2600008085	09/03/1444H (corresponding to 05/10/2022G)
8-	6011	7210103006110024	13/02/1444H (corresponding to 09/09/2022G)

No.	Pharmacy No.	License No.	Expiration Date
9-	2015	2510103006110278	11/02/1444H (corresponding to 07/09/2022G)
10-	3076	4810103006110100	28/02/1444H (corresponding to 24/09/2022G)
11-	1002	2610103006100436	27/04/1444H (corresponding to 21/11/2022G)
12-	9812	7200007016	17/02/1444H (corresponding to 13/09/2022G)
13-	9433	4810103006110496	02/04/1444H (corresponding to 27/10/2022G)
14-	7781	1400007660	24/04/1444H (corresponding to 18/11/2022G)
15-	5024	3800007098	28/02/1444H (corresponding to 24/09/2022G)
16-	2049	2500007993	28/02/1444H (corresponding to 24/09/2022G)
17-	9240	2600008110	20/04/1444H (corresponding to 14/11/2022G)
18-	1221	2600008962	18/03/1444H (corresponding to 14/10/2022G)
19-	1072	02610103006100133	03/09/1443H (corresponding to 04/04/2022G)
20-	7635	1400007658	22/04/1444H (corresponding to 16/11/2022G)
21-	1219	02610103006100748	03/09/1443H (corresponding to 04/04/2022G)
22-	1069	02610103006100793	27/04/1444H (corresponding to 21/11/2022G)
23-	1008	02610103006100619	23/04/1444H (corresponding to 17/11/2022G)
24-	6026	7300006935	10/02/1444H (corresponding to 06/09/2022G)
25-	8402	7200007020	18/03/1444H (corresponding to 14/10/2022G)
26-	4004	01410103006100259	20/04/1444H (corresponding to 14/11/2022G)
27-	9731	3800007098	28/02/1444H (corresponding to 24/09/2022G)
28-	7660	1400009145	14/04/1444H (corresponding to 08/11/2022G)
29-	8429	7300006927	16/03/1444H (corresponding to 12/10/2022G)
30-	8708	140007657	14/04/1444H (corresponding to 08/11/2022G)
31-	2512	02710503006110012	09/02/1444H (corresponding to 05/09/2022G)
32-	9241	2510103006110189	20/09/1443H (corresponding to 21/04/2022G)
33-	7809	2510103006110304	13/02/1444H (corresponding to 09/09/2022G)
34-	2059	2500007991	28/02/1444H (corresponding to 24/09/2022G)
35-	1214	02610103006100608	03/09/1443H (corresponding to 04/04/2022G)
36-	2523	02710503006110005	09/02/1444H (corresponding to 05/09/2022G)
37-	1089	02610103006100092	03/09/1443H (corresponding to 04/04/2022G)
38-	7620	1400007593	14/04/1444H (corresponding to 08/11/2022G)
39-	7811	1400006825	20/04/1444H (corresponding to 14/11/2022G)
40-	1021	02610103006100795	3/09/1443H (corresponding to 04/04/2022G)
41-	8132	2600008084	20/04/1444H (corresponding to 14/11/2022G)
42-	9717	4800007559	27/02/1444H (corresponding to 23/09/2022G)
43-	6111	2600008101	03/03/1444H (corresponding to 29/09/2022G)
44-	7471	1400007369	23/03/1444H (corresponding to 19/10/2022G)
45-	8525	2600008099	20/03/1444H (corresponding to 16/10/2022G)
46-	1243	2610103006100819	24/04/1444H (corresponding to 18/11/2022G)
47-	7724	7300006778	13/02/1444H (corresponding to 09/09/2022G)
48-	6001	7210203006110198	17/02/1444H (corresponding to 13/09/2022G)
49-	5015	0381030300611044	28/08/1443H (corresponding to 31/03/2022G)

No.	Pharmacy No.	License No.	Expiration Date
50-	9800	2600007058	20/04/1444H (corresponding to 14/11/2022G)
51-	7821	2600012538	20/04/1444H (corresponding to 14/11/2022G)
52-	1258	02610103006100735	24/04/1444H (corresponding to 18/11/2022G)
53-	9338	4400008336	01/04/1444H (corresponding to 26/10/2022G)
54-	7407	3800007100	16/04/1444H (corresponding to 10/11/2022G)
55-	1081	02610103006100475	03/09/1443H (corresponding to 04/04/2022G)
56-	6112	2600008100	03/03/1444H (corresponding to 29/09/2022G)
57-	7826	1400008460	23/03/1444H (corresponding to 19/10/2022G)
58-	7814	2600008607	23/03/1444H (corresponding to 14/11/2022G)
59-	7000	1400007387	23/04/1444H (corresponding to 17/11/2022G)
60-	8205	7500007223	11/02/1444H (corresponding to 07/09/2022G)
61-	1237	2610103006100630	24/04/1444H (corresponding to 18/11/2022G)
62-	8418	7300006922	01/04/1444H (corresponding to 26/10/2022G)
63-	7413	3800007150	15/04/1444H (corresponding to 09/11/2022G)
64-	8114	2500007990	28/02/1444H (corresponding to 24/09/2022G)
65-	8504	7500007199	19/03/1444H (corresponding to 15/10/2022G)
66-	5030	03810103006110038	28/08/1443H (corresponding to 31/03/2022G)
67-	1038	2610103006100936	23/04/1444H (corresponding to 17/11/2022G)
68-	3073	4800007538	29/03/1444H (corresponding to 25/10/2022G)
69-	7732	7500007192	12/02/1444H (corresponding to 08/09/2022G)
70-	8631	4800007527	27/02/1444H (corresponding to 23/09/2022G)
71-	1114	2600008148	13/02/1444H (corresponding to 09/09/2022G)
72-	4059	1400006850	20/04/1444H (corresponding to 14/11/2022G)
73-	5010	03810303006110042	28/08/1443H (corresponding to 31/03/2022G)
74-	4025	1400007689	28/08/1443H (corresponding to 31/03/2022G)
75-	2529	2710103006110019	18/02/1444H (corresponding to 14/09/2022G)
76-	8613	7700007746	20/02/1444H (corresponding to 16/09/2022G)
77-	7627	1400007583	23/03/1444H (corresponding to 19/10/2022G)
78-	7419	3500007048	12/02/1444H (corresponding to 08/09/2022G)
79-	2046	2510103006110298	10/02/1444H (corresponding to 06/09/2022G)
80-	1172	02610103006100951	03/09/1443H (corresponding to 04/04/2022G)
81-	1043	02610103006100782	03/09/1443H (corresponding to 04/04/2022G)
82-	9334	1400007661	20/04/1444H (corresponding to 14/11/2022G)
83-	8415	7600006870	12/02/1444H (corresponding to 08/09/2022G)
84-	5070	3810303006110057	11/02/1444H (corresponding to 07/09/2022G)
85-	1272	02610103006100633	24/04/1444H (corresponding to 18/11/2022G)
86-	1064	02610103006100761	27/04/1444H (corresponding to 21/11/2022G)
87-	7119	7300006939	18/03/1444H (corresponding to 14/10/2022G)
88-	7632	01410103006100129	08/09/1443H (corresponding to 09/04/2022G)
89-	9220	2600009041	15/04/1444H (corresponding to 09/11/2022G)
90-	7652	2500007308	13/02/1444H (corresponding to 09/09/2022G)

No.	Pharmacy No.	License No.	Expiration Date
91-	7830	1400006983	27/04/1444H (corresponding to 21/11/2022G)
92-	4001	1410103006100862	10/10/1443H (corresponding to 11/05/2022G)
93-	7754	2600008102	20/04/1444H (corresponding to 14/11/2022G)
94-	1119	02610103006100760	03/09/1443H (corresponding to 04/04/2022G)
95-	8212	7200007005	19/03/1444H (corresponding to 15/10/2022G)
96-	7358	7200007166	25/03/1444H (corresponding to 21/10/2022G)
97-	5000	03810503006100013	18/02/1444H (corresponding to 14/09/2022G)
98-	8616	7700007749	28/02/1444H (corresponding to 24/09/2022G)
99-	3012	3810103006110114	20/09/1443H (corresponding to 21/04/2022G)
100-	7302	1400007462	23/04/1444H (corresponding to 17/11/2022G)
101-	1015	02610103006100574	03/09/1443H (corresponding to 04/04/2022G)
102-	4005	-	21/04/1444H (corresponding to 15/11/2022G)
103-	8426	7200007438	20/03/1444H (corresponding to 16/10/2022G)
104-	4034	1400007694	14/04/1444H (corresponding to 08/11/2022G)
105-	3000	4810103006110095	25/01/1444H (corresponding to 23/08/2022G)
106-	1093	02610103006100030	03/09/1443H (corresponding to 04/04/2022G)
107-	9836	7500007193	25/03/1444H (corresponding to 21/10/2022G)
108-	8814	2700008417	18/02/1444H (corresponding to 14/09/2022G)
109-	7481	1400006821	23/03/1444H (corresponding to 19/10/2022G)
110-	4013	1400007354	17/04/1444H (corresponding to 11/11/2022G)
111-	1059	02610103006100134	03/09/1443H (corresponding to 04/04/2022G)
112-	7808)	4800007827	03/04/1444H (corresponding to 28/10/2022G)
113-	8133	2600009051	20/04/1444H (corresponding to 14/11/2022G)
114-	9934	7800007726	19/03/1444H (corresponding to 15/10/2022G)
115-	8810	6300008537	24/04/1444H (corresponding to 18/11/2022G)
116-	9410	2600008088	18/03/1444H (corresponding to 14/10/2022G)
117-	8821	7800007728	09/02/1444H (corresponding to 05/09/2022G)

Source: The Company.

Table (12-7): Details of Licenses for Opening and Operating the Company's Health Facilities

No.	Location	License No.	Issuance Date	Expiration Date	Issuing Authority
1-	NahdiCare Clinic – Jeddah	2600015460	07/01/1442H (corresponding to 26/08/2020G)	03/03/1447H (corresponding to 26/08/2025G)	Directorate of Health Affairs in Jeddah
2-	NahdiCare Clinic – Jeddah	02200-010-012-101-026	19/11/1440H (corresponding to 22/07/2019G)	18/11/1445H (corresponding to 26/05/2024G)	Directorate of Health Affairs in Jeddah

Source: The Company.

Table (12-8): Details of Chamber of Commerce Certificates Obtained by the Company and its Subsidiaries

Company	Issuing Authority	Certificate No.	Issuance Date	Expiration Date
The Company	Jeddah Chamber of Commerce	201000025292	11/10/1406H (corresponding to 18/06/1986G)	29/05/1445H (corresponding to 13/12/2023G)
Nahdi Care Co. Ltd.	Jeddah Chamber of Commerce	201000302557	05/11/1426H (corresponding to 07/12/2005G)	05/11/1444H (corresponding to 25/05/2023G)

Company	Issuing Authority	Certificate No.	Issuance Date	Expiration Date
Sakhaa Golden for Contracting & Trading Co. Ltd.	Jeddah Chamber of Commerce	111568	29/06/1427H (corresponding to 26/07/2006G)	29/06/1445H (corresponding to 11/01/2024G)
Nahdi Investment Co. Ltd.	Dubai Chamber of Commerce and Industry	822864	30/04/1440H (corresponding to 06/01/2019G)	12/06/1444H (corresponding to 05/01/2023G)

Source: The Company.

Table (12-9): Details of Municipality Licenses Obtained by the Company and its Subsidiaries

No.	Company	License No.	Issuance Date	Expiration Date
1-	The Company	39111331906	03/08/1439H	2/8/1445H
2-	Nahdi Care Co. Ltd.	40082122866	5/8/1441H	15/8/1443H
3-	Sakhaa Golden for Contracting & Trading Co. Ltd.	39111422159	14/11/1437H	13/11/1443H
4-	Nahdi Investment Co. Ltd.	1384313	06/01/2019G	05/01/2023G

Source: The Company.

Table (12-10): Details of Municipality Licenses Obtained by the Branches of the Company

No.	Pharmacy No.	License No.	Issuance Date	Expiration Date
Main Pharmacies				
1-	7823	41073456606	07/09/1441H (corresponding to 30/04/2020G)	07/09/1444H (corresponding to 29/03/2023G)
2-	1239	39111341067	23/08/1440H (corresponding to 29/04/2019G)	22/10/1444H (corresponding to 13/05/2023G)
3-	1279	41093549380	09/09/1442H (corresponding to 21/04/2021G)	02/10/1443H (corresponding to 04/05/2022G)
4-	4009	40021740448	25/03/1424H (corresponding to 26/05/2003G)	05/06/1444H (corresponding to 29/12/2022G)
5-	8216	8528	07/07/1441H (corresponding to 02/03/2020G)	06/07/1446H (corresponding to 06/01/2025G)
6-	7228	39111420832	06/06/1442H (corresponding to 20/01/2021G)	06/06/1444H (corresponding to 30/12/2022G)
7-	1233	39111336771	24/12/1439H (corresponding to 05/09/2018G)	25/12/1443H (corresponding to 25/07/2022G)
8-	6011	3909210465	28/06/1435H (corresponding to 28/04/2014G)	28/06/1443H (corresponding to 31/01/2022G)
9-	2015	3909566695	02/02/1439H (corresponding to 22/10/2017G)	01/02/1444H (corresponding to 28/08/2022G)
10-	3076	41103569997	04/11/1441H (corresponding to 02/07/2020G)	04/11/1443H (corresponding to 10/06/2022G)
11-	1002	39111456875	13/02/1442H (corresponding to 01/10/2020G)	13/02/1444H (corresponding to 10/09/2022G)
12-	9812	3909157339	28/03/1435H (corresponding to 29/01/2014G)	28/03/1444H (corresponding to 24/10/2022G)
13-	9433	40092194588	16/09/1440H (corresponding to 21/05/2019G)	15/09/1443H (corresponding to 16/04/2022G)
14-	7781	40031928804	16/08/1439H (corresponding to 02/05/2018G)	16/08/1443H (corresponding to 19/03/2022G)
15-	5024	3909116897	04/08/1442H (corresponding to 18/03/2021G)	04/08/1443H (corresponding to 08/03/2022G)
16-	2049	3909439167	25/04/1439H (corresponding to 12/01/2018G)	24/04/1444H (corresponding to 18/11/2022G)
17-	9240	39111341073	03/08/1442H (corresponding to 17/03/2021G)	03/08/1443H (corresponding to 07/03/2022G)
18-	1221	39111429065	29/08/1442H (corresponding to 12/04/2021G)	29/08/1443H (corresponding to 02/04/2022G)
19-	1072	39111328973	29/12/1441H (corresponding to 19/08/2020G)	29/12/1443H (corresponding to 29/07/2022G)
20-	7635	40102411560	27/11/1439H (corresponding to 09/08/2018G)	27/11/1443H (corresponding to 26/06/2022G)
21-	1219	39111419520	06/07/1442H (corresponding to 18/02/2021G)	06/07/1443H (corresponding to 18/02/2022G)
22-	1069	39111342796	13/02/1442H (corresponding to 01/10/2020G)	13/06/1444H (corresponding to 06/01/2023G)
23-	1008	39111419355	23/12/1441H (corresponding to 13/08/2020G)	23/12/1443H (corresponding to 23/07/2022G)
24-	6026	3909271899	06/06/1439H (corresponding to 22/02/2018G)	16/06/1444H (corresponding to 09/01/2023G)

No.	Pharmacy No.	License No.	Issuance Date	Expiration Date
25-	8402	3909669006	14/09/1429H (corresponding to 14/09/2008G)	15/09/1443H (corresponding to 16/04/2022G)
26-	4004	40021746903	25/10/1421H (corresponding to 29/01/2001G)	25/10/1443H (corresponding to 26/05/2022G)
27-	9731	3909116897	04/08/1442H (corresponding to 18/03/2021G)	04/08/1443H (corresponding to 08/03/2022G)
28-	7660	41012559775	11/01/1441H (corresponding to 10/09/2019G)	11/01/1444H (corresponding to 09/08/2022G)
29-	8429	390993978	10/01/1439H (corresponding to 30/09/2017G)	19/01/1444H (corresponding to 17/08/2022G)
30-	8708	40021718531	13/09/1422H (corresponding to 15/04/2021G)	18/11/1443H (corresponding to 17/07/2022G)
31-	2512	39111030544	12/03/1438H (corresponding to 11/12/2016G)	12/03/1444H (corresponding to 08/10/2022G)
32-	9241	40112492965	11/11/1440H (corresponding to 13/07/2019G)	10/11/1443H (corresponding to 19/06/2022G)
33-	7809	40082092231	02/08/1440H (corresponding to 07/04/2019G)	01/08/1443H (corresponding to 04/03/2022G)
34-	2059	3909432656	30/11/1437H (corresponding to 22/08/2017G)	29/11/1443H (corresponding to 28/06/2022G)
35-	1214	39111328989	19/09/1439H (corresponding to 03/06/2018G)	18/09/1443H (corresponding to 19/04/2022G)
36-	2523	39111006587	18/08/1437H (corresponding to 25/08/2016G)	18/08/1444H (corresponding to 10/03/2023G)
37-	1089	39111450581	24/02/1440H (corresponding to 04/11/2018G)	24/02/1444H (corresponding to 21/09/2022G)
38-	7620	40031877609	04/02/1437H (corresponding to 16/11/2015G)	04/02/1444H (corresponding to 31/08/2022G)
39-	7811	41073474356	03/07/1441H (corresponding to 27/04/2020G)	03/07/1444H (corresponding to 25/01/2023G)
40-	1021	39111417540	23/01/1443H (corresponding to 01/09/2021G)	23/01/1444H (corresponding to 21/08/2022G)
41-	8132	39111425855	12/06/1442H (corresponding to 26/01/2021G)	28/08/1443H (corresponding to 01/04/2022G)
42-	9717	3909406158	15/06/1440H (corresponding to 19 /02/2019G)	14/06/1444H (corresponding to 07/01/2023G)
43-	6111	39121540816	24/11/1441H (corresponding to 15/07/2020G)	41/11/1443H (corresponding to 24/06/2022G)
44-	7471	40041877723	05/02/1437H (corresponding to 17/11/2015G)	05/02/1444H (corresponding to 01/09/2022G)
45-	8525	39111341633	03/07/1442H (corresponding to 15/02/2021G)	03/07/1444H (corresponding to 25/01/2023G)
46-	1243	40082142349	23/08/1440H (corresponding to 29/04/2019G)	22/08/1443H (corresponding to 26/03/2022G)
47-	7724	41032610969	22/03/1441H (corresponding to 19/11/2019G)	21/03/1444H (corresponding to 17/10/2022G)
48-	6001	3909674327	19/09/1436H (corresponding to 06/07/2015G)	19/09/1443H (corresponding to 20/04/2022G)
49-	5015	3909197398	16/02/1442H (corresponding to 04/10/2020G)	16/02/1444H (corresponding to 13/09/2022G)
50-	9800	3909369920	12/05/1441H (corresponding to 08/01/2020G)	12/05/1444H (corresponding to 06/12/2022G)
51-	7821	41103566877	10/11/1441H (corresponding to 01/07/2020G)	10/11/1444H (corresponding to 30/05/2023G)
52-	1258	39111340949	08/07/1441H (corresponding to 03/03/2020G)	08/07/1444H (corresponding to 30/01/2023G)
53-	9338	41022575058	01/02/1441H (corresponding to 30/09/2019G)	29/01/1444H (corresponding to 27/08/2022G)
54-	7407	5979	22/12/1441H (corresponding to 12/08/2020G)	21/12/1447H (corresponding to 07/06/2026G)
55-	1081	39111448375	32/02/1441H (corresponding to 23/10/2019G)	24/02/1444H (corresponding to 21/09/2022G)
56-	6112	39121540829	24/11/1441H (corresponding to 15/07/2020G)	24/11/1443H (corresponding to 24/06/2022G)
57-	7826	41022581497	11/02/1441H (corresponding to 1010/2019G)	11/02/1444H (corresponding to 07/09/2022G)
58-	7814	41042620098	03/04/1442H (corresponding to 19/11/2020G)	03/04/1444H (corresponding to 29/10/2022G)
59-	7000	40031762349	08/03/1429H (corresponding to 16/02/2008G)	08/03/1444H (corresponding to 04/10/2022G)
60-	8205	390999475	26/11/1428H (corresponding to 06/12/2007G)	26/11/1443H (corresponding to 25/06/2022G)
61-	1237	39111342803	21/05/1439H (corresponding to 07/02/2018G)	20/05/1444H (corresponding to 14/12/2022G)
62-	8418	3909389205	17/04/1439H (corresponding to 04/01/2018G)	27/04/1444H (corresponding to 21/11/2022G)
63-	7413	5969	29/11/1441H (corresponding to 20/07/2020G)	28/11/1447H (corresponding to 15/05/2026G)
64-	8114	3909557413	28/09/1438H (corresponding to 23/07/2017G)	27/09/1443H (corresponding to 08/04/2022G)
65-	8504	3909102173	09/09/1430H (corresponding to 30/08/2009)	09/09/1443H (corresponding to 10/04/2022G)

No.	Pharmacy No.	License No.	Issuance Date	Expiration Date
66-	5030	41012573932	08/03/1426H (corresponding to 17/04/2005G)	07/03/1444H (corresponding to 03/10/2022G)
67-	1038	39111312356	24/10/1442H (corresponding to 05/06/2021G)	24/10/1444H (corresponding to 15/05/2023G)
68-	3073	3909385184	11/09/1436H (corresponding to 28/06/2015G)	10/09/1443H (corresponding to 11/04/2022G)
69-	7732	41022576978	04/02/1441H (corresponding to 03/10/2019G)	03/02/1444H (corresponding to 30/08/2022G)
70-	8631	40082142203	29/10/1439H (corresponding to 13/07/2018G)	29/10/1443H (corresponding to 30/05/2022G)
71-	1114	39111285200	14/05/1441H (corresponding to 10/01/2020G)	10/11/1444H (corresponding to 08/12/2022G)
72-	4059	41073474277	26/06/1441H (corresponding to 20/02/2020G)	26/06/1443H (corresponding to 29/01/2022G)
73-	5010	39121548341	13/02/1443H (corresponding to 13/07/2022G)	13/02/1444H (corresponding to 02/07/2023G)
74-	4025	41012556776	17/05/1438H (corresponding to 14/02/2017G)	17/05/1444H (corresponding to 11/12/2022G)
75-	2529	39111026007	28/06/1438H (corresponding to 27/03/2017G)	29/06/1444H (corresponding to 21/01/2023G)
76-	8613	41052677477	02/06/1431H (corresponding to 16/05/2010G)	01/06/1444H (corresponding to 25/12/2022G)
77-	7627	40031877673	04/02/1437H (corresponding to 16/11/2015G)	04/02/1444H (corresponding to 08/31/2022G)
78-	7419	3909478486	02/11/1438H (corresponding to 25/07/2017G)	01/11/1443H (corresponding to 31/05/2022G)
79-	2046	3909545055	19/05/1439H (corresponding to 05/02/2018G)	18/05/1444H (corresponding to 12/12/2022G)
80-	1172	39111286488	05/01/1441H (corresponding to 05/09/2019G)	03/01/1444H (corresponding to 01/08/2022G)
81-	1043	39111353369	19/01/1442H (corresponding to 07/09/2020G)	19/01/1444H (corresponding to 17/08/2022G)
82-	9334	40031797588	23/11/1436H (corresponding to 07/09/2015G)	23/11/1443H (corresponding to 22/06/2022G)
83-	8415	41052650147	25/08/1429H (corresponding to 26/08/2008G)	25/08/1443(corresponding to 28/03/2022G)
84-	5070	41052688939	05/05/1441H (corresponding to 01/01/2020G)	26/05/1444H (corresponding to 20/12/2022G)
85-	1272	39111431427	17/04/1441H (corresponding to 15/12/2019G)	18/04/1444H (corresponding to 13/11/2022G)
86-	1064	39111456456	21/05/1439H (corresponding to 07/02/2018G)	20/05/1444H (corresponding to 14/12/2022G)
87-	7119	40102473888	23/12/1437H (corresponding to 24/09/2016G)	23/12/1443H (corresponding to 22/07/2022G)
88-	7632	40031884651	28/05/1437H (corresponding to 08/03/2016G)	28/05/1444H (corresponding to 22/12/2022G)
89-	9220	39111394238	08/10/1442H (corresponding to 20/05/2021G)	12/11/1444H (corresponding to 02/05/2023G)
90-	7652	3909508267	01/11/1438H (corresponding to 24/07/2017G)	29/10/1443H (corresponding to 30/05/2022G)
91-	7830	41073464313	26/06/1441H (corresponding to 20/02/2020G)	26/06/1444H (corresponding to 19/01/2023G)
92-	4001	40021720050	08/07/1407H (corresponding to 08/03/1987H)	08/07/1444H (corresponding to 30/01/2023G)
93-	7754	39111445732	01/03/1439H (corresponding to 20/11/1439H)	01/03/1444H (corresponding to 27/09/2022G)
94-	1119	39111419727	16/03/1440H (corresponding to 25/11/2018G)	12/04/1444H (corresponding to 07/11/2022G)
95-	8212	3909139020	05/01/1437H (corresponding to 18/10/2018G)	05/01/1444H (corresponding to 03/08/2022G)
96-	7358	3909294723	13/06/1436H (corresponding to 02/04/2015G)	14/06/1443H (corresponding to 17/01/2022G)
97-	5000	390982755	29/08/1423H (corresponding to 04/11/2002G)	28/08/1443H (corresponding to 01/04/2022G)
98-	8616	40122540024	25/01/1431H (corresponding to 11/01/2010G)	25/01/1444H (corresponding to 23/08/2022G)
99-	3012	40031896680	28/03/1439H (corresponding to 16/12/2017G)	27/03/1444H (corresponding to 23/10/2022G)
100-	7302	40031863550	07/04/1436H (corresponding to 27/01/2015G)	07/04/1444H (corresponding to 01/11/2022G)
101-	1015	39111452926	17/02/1442H (corresponding to 05/10/2020G)	17/02/1444H (corresponding to 14/09/2022G)
102-	4005	40021723514	05/01/1423H (corresponding to 19/03/2002G)	05/01/1444H (corresponding to 30/08/2022G)
103-	8426	3909179371	22/09/1434H (corresponding to 30/07/2013G)	08/08/1443H (corresponding to 11/03/2022G)
104-	4034	41012556771	01/05/1438H (corresponding to 29/01/2017G)	01/05/1444H (corresponding to 25/11/2022G)
105-	3000	40011580193	23/01/1439H (corresponding to 13/10/2017G)	22/01/1444H (corresponding to 20/08/2022G)
106-	1093	39111424746	14/09/1439H (corresponding to 29/05/2018G)	13/09/1443H (corresponding to 15/04/2022G)

No.	Pharmacy No.	License No.	Issuance Date	Expiration Date
107-	9836	390985634	28/11/1437H (corresponding to 31/08/2016G)	28/11/1443H (corresponding to 27/06/2022G)
108-	8814	39121513410	03/02/1439H (corresponding to 23/10/2017G)	22/01/1444H (corresponding to 20/08/2022G)
109-	7481	41042629662	15/04/1441H (corresponding to 12/12/2019G)	14/04/1444H (corresponding to 08/11/2022G)
110-	4013	400317580082	13/02/1428H (corresponding to 03/03/2007G)	24/12/1443H (corresponding to 23/07/2022G)
111-	1059	39111284536	28/07/1442H (corresponding to 12/03/2021G)	28/07/1443H (corresponding to 02/03/2022G)
112-	7808)	40082122264	16/08/1440H (corresponding to 21/04/2019G)	15/08/1443H (corresponding to 18/03/2022G)
113-	8133	39111343078	22/09/1441H (corresponding to 15/05/2020G)	22/09/1443H (corresponding to 24/04/2022G)
114-	9934	41073495746	29/04/1436H (corresponding to 18/02/2015G)	28/07/1443H (corresponding to 01/03/2022G)
115-	8810	40082098886	10/09/1432H (corresponding to 07/09/2011G)	08/09/1443H (corresponding to 09/04/2022)
116-	9410	1100080377	16/04/1443H (corresponding to 21/11/2021G)	15/04/1444H (corresponding to 09/11/2022G)
117-	8821	40011569855	26/02/1432H (corresponding to 30/01/2011G)	18/02/1444H (corresponding to 14/09/2022G)
Warehouses				
1-	Jeddah	39111455037	13/02/1439H	12/2/1444H
2-	Khamis Mushait	3909118709	28/08/1438H	28/8/1443H
3-	Riyadh	40102436484	28/11/1437H	26/2/1445H
4-	Riyadh, As-Sulay District (Ah-Halib)	40031888256	02/09/1437H	28/4/1448H

Source:The Company

Table (12-11): Details of Civil Defense Licenses Obtained by the Company and its Subsidiaries

No.	Company	License No.	Issuance Date	Expiration Date	Issuing Authority
1-	The Company	3-000274016-42	24/8/1442H	24/8/1443H	General Directorate Of Civil Defense
2-	Nahdi Care Co. Ltd.	3-000321287-42	10/11/1442H	10/11/1443H	General Directorate Of Civil Defense
3-	Sakhaa Golden for Contracting & Trading Co. Ltd.	004501-37870	08/11/1437H	Renewal Underway	Renewal Underway
4-	Nahdi Investment Co. Ltd.	LCA0000223842-2021	04/10/2021	03/10/2022	Directorate General Of Civil Defense Dubai

Source: The Company.

Table (12-12): Details of Civil Defense Licenses Obtained by Branches of the Company

No.	Pharmacy No.	License No.	Issuance Date	Expiration Date
Main Pharmacies				
1-	7823	42-000693624-1	28/07/1442H (corresponding to 12/03/2021G)	28/07/1443H (corresponding to 02/03/2022G)
2-	1239	43-000139320-3	25/01/1443H (corresponding to 03/09/2021G)	25/01/1444H (corresponding to 23/08/2022G)
3-	1279	42-000721973-1	09/09/1442H (corresponding to 21/04/2021G)	09/09/1443H (corresponding to 10/04/2022G)
4-	4009	42-000650071-1	29/06/1443H (corresponding to 01/02/2022G)	29/06/1444H (corresponding to 22/01/2023G)
5-	8216	8528	07/07/1441H (corresponding to 02/03/2020G)	06/07/1446H (corresponding to 06/01/2025G)
6-	7228	42-000692822-1	04/08/1442H (corresponding to 18/03/2021G)	04/08/1443H (corresponding to 07/03/2022G)
7-	1233	42-000733699-3	05/11/1442H (corresponding to 15/06/2021G)	05/11/1443H (corresponding to 05/06/2022G)
8-	6011	42-000326580-3	17/07/1442H (corresponding to 01/03/2021G)	17/07/1443H (corresponding to 18/02/2022G)

No.	Pharmacy No.	License No.	Issuance Date	Expiration Date
9-	2015	42-000384546-2	23/08/1442H (corresponding to 05/04/2021G)	23/08/1443H (corresponding to 26/03/2022G)
10-	3076	42-000720096-1	18/10/1442H (corresponding to 29/05/2021G)	18/10/1443H (corresponding to 19/05/2022G)
11-	1002	43-000078362-2	18/01/1443H (corresponding to 27/08/2021G)	18/01/1444H (corresponding to 16/08/2022G)
12-	9812	42-000533290-2	05/08/1442H (corresponding to 19/03/2021G)	05/08/1443H (corresponding to 08/03/2022G)
13-	9433	42-000719657-1	14/09/1442H (corresponding to 25/04/2021G)	14/09/1443H (corresponding to 15/04/2022G)
14-	7781	42-000627195-1	29/06/1443H (corresponding to 01/02/2022G)	29/06/1444H (corresponding to 22/01/2023G)
15-	5024	42-000742605-1	28/01/1443H (corresponding to 05/09/2021G)	28/01/1444H (corresponding to 25/08/2022G)
16-	2049	42-000613603-1	26/02/1443H (corresponding to 03/10/2021G)	26/02/1444H (corresponding to 22/09/2022G)
17-	9240	43-000773642-1	05/02/1443H (corresponding to 13/09/2021G)	05/02/1444H (corresponding to 01/09/2022G)
18-	1221	43-000770780-1	25/01/1443H (corresponding to 03/09/2021G)	25/01/1444H (corresponding to 23/08/2022G)
19-	1072	42-000232732-3	19/12/1442H (corresponding to 29/07/2021G)	19/12/1443H (corresponding to 19/07/2022G)
20-	7635	42-000713499-1	12/10/1442H (corresponding to 23/05/2021G)	12/10/1443H (corresponding to 13/05/2022G)
21-	1219	42-000121019-2	04/12/1442H (corresponding to 14/07/2021G)	04/12/1443H (corresponding to 04/07/2022G)
22-	1069	42-000382064-2	08/09/1442H (corresponding to 20/04/2021G)	08/09/1443H (corresponding to 10/04/2022G)
23-	1008	42-000743526-1	17/11/1442H (corresponding to 27/06/2021G)	17/11/1443H (corresponding to 17/06/2022G)
24-	6026	42-000492619-2	11/07/1442H (corresponding to 23/02/2021G)	11/07/1443H (corresponding to 12/02/2022G)
25-	8402	42-000580222-2	24/12/1442H (corresponding to 03/08/2021G)	24/12/1443H (corresponding to 23/07/2022G)
26-	4004	43-000772523-1	28/01/1443H (corresponding to 05/09/2021G)	28/01/1444H (corresponding to 25/08/2022G)
27-	9731	42-000742605-1	28/01/1443H (corresponding to 05/09/2021G)	28/01/1444H (corresponding to 25/08/2022G)
28-	7660	42-000582253-2	21/01/1443H (corresponding to 28/09/2021G)	21/02/1444H (corresponding to 17/09/2022G)
29-	8429	42-000498759-2	12/07/1442H (corresponding to 24/02/2021G)	12/07/1443H (corresponding to 13/02/2022G)
30-	8708	42-000626259-1	26/02/1443H (corresponding to 03/10/2021G)	26/02/1444H (corresponding to 26/09/2022G)
31-	2512	42-000681819-1	04/08/1442H (corresponding to 17/03/2021G)	04/08/1443H (corresponding to 07/03/2022G)
32-	9241	42-000352058-3	27/10/1442H (corresponding to 07/06/2020G)	27/10/1443H (corresponding to 28/05/2022G)
33-	7809	42-000316583-3	04/05/1443H (corresponding to 08/12/2021G)	04/05/1444H (corresponding to 28/11/2022G)
34-	2059	42-000581872-2	23/01/1443H (corresponding to 31/08/2021G)	23/01/1444H (corresponding to 20/08/2022G)
35-	1214	42-000078890-3	04/01/1443H (corresponding to 13/08/2021G)	04/01/1444H (corresponding to 02/08/2022G)
36-	2523	42-000681253-1	15/08/1442H (corresponding to 28/03/2021G)	15/08/1443H (corresponding to 18/03/2022G)
37-	1089	42-000712782-1	01/09/1442H (corresponding to 13/04/2021G)	01/09/1443H (corresponding to 02/04/2022G)
38-	7620	42-000626204-1	23/06/1443H (corresponding to 26/01/2022G)	23/06/1444H (corresponding to 16/01/2023G)
39-	7811	42-000626204-1	26/04/1443H (corresponding to 01/12/2021G)	26/04/1444H (corresponding to 20/11/2021G)
40-	1021	43-000292100-3	01/02/1443H (corresponding to 09/09/2021G)	01/02/1444H (corresponding to 29/08/2022G)
41-	8132	42-000669853-1	18/07/1442H (corresponding to 02/03/2021G)	18/07/1443H (corresponding to 20/02/2022G)
42-	9717	42-000659379-1	22/05/1443H (corresponding to 26/12/2021G)	22/05/1444H (corresponding to 16/12/2022G)
43-	6111	42-000635160-1	28/02/1443H (corresponding to 05/10/2021G)	28/02/1444H (corresponding to 24/09/2022G)
44-	7471	42-000695778-1	07/09/1442H (corresponding to 18/04/2021G)	07/09/1443H (corresponding to 08/04/2022G)
45-	8525	42-000740191-1	24/11/1442H (corresponding to 04/07/2021G)	24/11/1443H (corresponding to 24/06/2022G)
46-	1243	42-000681218-1	13/04/1443H (corresponding to 18/11/2021G)	13/04/1444H (corresponding to 07/11/2022G)
47-	7724	42-000440565-2	08/03/1443H (corresponding to 21/10/2021G)	08/03/1444H (corresponding to 04/10/2022G)
48-	6001	42-000165190-4	18/07/1442H (corresponding to 02/03/2021G)	18/07/1443H (corresponding to 19/02/2022G)
49-	5015	42-000700590-1	22/08/1442H (corresponding to 05/04/2021G)	22/08/1443H (corresponding to 26/03/2022G)

No.	Pharmacy No.	License No.	Issuance Date	Expiration Date
50-	9800	42-000523264-2	20/07/1442H (corresponding to 04/03/2021G)	20/07/1443H (corresponding to 21/02/2022G)
51-	7821	42-0007207250-1	17/09/1442H (corresponding to 29/04/2021G)	17/09/1443H (corresponding to 19/04/2022G)
52-	1258	42-000137098-2	16/02/1443H (corresponding to 23/09/2021G)	12/02/1444H (corresponding to 09/09/2022G)
53-	9338	42-000623796-1	25/03/1443H (corresponding to 29/10/2021G)	25/03/1444H (corresponding to 21/10/2022G)
54-	7407	5979	22/12/1441H (corresponding to 12/08/2020G)	21/12/1447H (corresponding to 07/06/2026G)
55-	1081	42-000711799-1	25/08/1442H (corresponding to 08/04/2021G)	25/08/1443H (corresponding to 17/03/2022G)
56-	6112	42-000708699-1	15/08/1442H (corresponding to 29/03/2021G)	15/08/1443H (corresponding to 19/03/2022G)
57-	7826	42-000664790-1	(18/07/1442H corresponding to 01/03/2021G)	17/08/1443H (corresponding to 19/02/2022G)
58-	7814	42-000740191-1	23/12/1442H (corresponding to 02/08/2021G)	23/12/1443H (corresponding to 23/07/2022G)
59-	7000	42-000667613-1	03/06/1443H (corresponding to 06/01/2022G)	03/06/1444H (corresponding to 27/12/2022G)
60-	8205	42-000544966-2	15/09/1442H (corresponding to 27/04/2021G)	15/09/1443H (corresponding to 16/04/2022G)
61-	1237	42-000277484-2	16/02/1443H (corresponding to 23/09/2021G)	16/02/1444H (corresponding to 12/09/2022G)
62-	8418	42-000492629-2	01/06/1443H (corresponding to 04/01/2022G)	01/06/1444H (corresponding to 25/1222/2022G)
63-	7413	5969	29/11/1441H (corresponding to 20/07/2020G)	28/11/1447H (corresponding to 15/05/2026G)
64-	8114	42-000575615-2	29/12/1442H (corresponding to 08/08/2021G)	29/12/1443H (corresponding to 28/07/2022G)
65-	8504	42-000537261-2	12/08/1442H (corresponding to 25/03/2021G)	12/08/1443H (corresponding to 15/03/2022G)
66-	5030	42-000596427-2	07/02/1443H (corresponding to 14/09/2021G)	07/02/1444H (corresponding to 03/09/2022G)
67-	1038	42-000399901-2	17/12/1442H (corresponding to 27/07/2021G)	17/12/1443H (corresponding to 17/07/2022G)
68-	3073	42-000649301-1	01/07/1443H (corresponding to 02/02/2022G)	01/07/1444H (corresponding to 23/01/2023G)
69-	7732	42-000591359-1	16/01/1443H (corresponding to 24/08/2021G)	16/01/1444H (corresponding to 14/08/2022G)
70-	8631	42-000653437-1	12/05/1443H (corresponding to 16/12/2021G)	12/05/1444H (corresponding to 06/12/2022G)
71-	1114	42-000490821-2	10/01/1443H (corresponding to 18/08/2021G)	10/01/1444H (corresponding to 08/08/2022G)
72-	4059	42-000662713-1	24/05/1443H (corresponding to 28/12/2021G)	24/05/1444H (corresponding to 18/12/2022G)
73-	5010	42-000609951-1	06/07/1443H (corresponding to 07/02/2022G)	06/07/1444H (corresponding to 28/01/2023G)
74-	4025	42-000738092-1	29/01/1443H (corresponding to 06/09/2021G)	29/01/1444H (corresponding to 27/08/2022G)
75-	2529	42-000750828-1	30/01/1443H (corresponding to 07/09/2021G)	29/01/1444H (corresponding to 28/08/2022G)
76-	8613	42-000497619-2	04/08/1442H (corresponding to 17/03/2021G)	04/08/1443H (corresponding to 07/03/2022G)
77-	7627	42-000666911-1	13/06/1443H (corresponding to 16/01/2022G)	13/06/1444H (corresponding to 06/01/2023G)
78-	7419	42-000649809-1	11/05/1443H (corresponding to 15/12/2021G)	11/05/1444H (corresponding to 05/12/2022G)
79-	2046	42-000232903-3	04/03/1443H (corresponding to 10/10/2021G)	04/03/1444H (corresponding to 30/09/2022G)
80-	1172	42-000088232-3	24/12/1442H (corresponding to 03/08/2021G)	24/12/1443H (corresponding to 23/07/2022G)
81-	1043	42-000619611-1	13/02/1443H (corresponding to 20/09/2021G)	13/02/1444H (corresponding to 09/09/2022G)
82-	9334	42-000721352-1	23/09/1442H (corresponding to 05/05/2021G)	23/09/1443H (corresponding to 24/04/2022G)
83-	8415	42-00491654-2	05/05/1443H (corresponding to 09/12/2021G)	05/05/1444H (corresponding to 29/11/2022G)
84-	5070	42-000598949-1	19/03/1443H (corresponding to 26/10/2021G)	19/03/1444H (corresponding to 15/10/2022G)
85-	1272	42-000750502-1	17/12/1442H (corresponding to 27/07/2021G)	17/12/1443H (corresponding to 17/07/2022G)
86-	1064	42-000700846-1	04/08/1442H (corresponding to 18/03/2021G)	04/08/1443H (corresponding to 08/03/2022G)
87-	7119	42-000528757-2	17/07/1442H (corresponding to 01/03/2021G)	17/07/1443H (corresponding to 18/02/2022G)
88-	7632	42-000739049-1	19/12/1442H (corresponding to 29/07/2021G)	19/12/1443H (corresponding to 18/07/2022G)
89-	9220	42-000729383-1	05/11/1442H (corresponding to 15/06/2021G)	05/11/1443H (corresponding to 05/06/2022G)
90-	7652	42-000575545-2	08/01/1443H (corresponding to 16/08/2021G)	08/01/1444H (corresponding to 06/0/2022G)

No.	Pharmacy No.	License No.	Issuance Date	Expiration Date
91-	7830	42-000629546-1	19/03/1443H (corresponding to 25/10/2021G)	19/03/1444H (corresponding to 15/10/2022G)
92-	4001	43-000768665-1	14/01/1443H (corresponding to 22/08/2021G)	14/01/1444H (corresponding to 12/08/2022G)
93-	7754	42-000712716-1	23/08/1442H (corresponding to 06/04/2021G)	23/08/1443H (corresponding to 27/03/2022G)
94-	1119	42-000381248-2	21/10/1442H (corresponding to 02/06/2021G)	21/10/1443H (corresponding to 23/05/2022G)
95-	8212	42-000578698-2	10/01/1443H (corresponding to 18/08/2021G)	10/01/1444H (corresponding to 08/08/2022G)
96-	7358	42-000506585-2	02/07/1442H (corresponding to 14/02/2021G)	02/07/1443H (corresponding to 03/02/2022G)
97-	5000	42-000687594-1	03/09/1442H (corresponding to 15/04/2021G)	03/09/1443H (corresponding to 05/04/2022G)
98-	8616	42-000598900-1	13/02/1443H (corresponding to 20/09/2021G)	13/02/1444H (corresponding to 09/09/2022G)
99-	3012	42-000370960-2	22/12/1442H (corresponding to (01/08/2021G)	22/12/1444H (corresponding to 21/07/2022G)
100-	7302	41-000561165-1	05/03/1443H (corresponding to 07/12/2021G)	05/03/1444H (corresponding to 01/10/2022G)
101-	1015	42-000711076-1	01/09/1442H (corresponding to 13/04/2021G)	01/09/1443H (corresponding to 03/04/2022G)
102-	4005	42-000603759-1	06/03/1443H (corresponding to 12/10/2021G)	06/03/1444H (corresponding to 02/10/2022G)
103-	8426	42-000549613-2	21/10/1442H (corresponding to 02/06/2021G)	21/10/1443H (corresponding to 22/05/2022G)
104-	4034	32-000650047-1	26/04/1443H (corresponding to 01/12/2021G)	26/04/1444H (corresponding to 20/11/2022G)
105-	3000	42-000720052-1	14/09/1442H (corresponding to 26/04/2021G)	14/09/1443H (corresponding to 15/04/2022G)
106-	1093	42-000380191-2	03/08/1442H (corresponding to 17/03/2021G)	03/08/1443H (corresponding to 07/03/2022G)
107-	9836	42-000570330-2	25/11/1442H (corresponding to 05/07/2021G)	25/11/1443H (corresponding to 24/06/2022G)
108-	8814	42-000669501-1	13/06/1443H (corresponding to 16/01/2022G)	13/06/1444H (corresponding to 06/01/2023G)
109-	7481	42-000739050-1	12/11/1442H (corresponding to 22/06/2021G)	12/11/1443H (corresponding to 11/06/2022G)
110-	4013	42-000684100-1	25/12/1442H (corresponding to 04/08/2021G)	25/12/1443H (corresponding to 24/07/2022G)
111-	1059	42-000740799-1	11/11/1442H (corresponding to 21/06/2021G)	11/11/1443H (corresponding to 11/06/2022G)
112-	7808	42-000647862-1	16/06/1443H (corresponding to 04/02/2021G)	16/06/1444H (corresponding to 25/01/2022G)
113-	8133	42-000647862-1	20/02/1443H (corresponding to 27/09/2021G)	20/02/1444H (corresponding to 16/09/2022G)
114-	9934	42-000587285-2	23/01/1443H (corresponding to 31/08/2021G)	23/01/1444H (corresponding to 21/08/2022G)
115-	8810	42-000720735-1	21/10/1442H (corresponding to 02/06/2021G)	21/10/1443H (corresponding to 22/05/2022G)
116-	9410	42-000643869-1	28/04/1442H (corresponding to 14/12/2020G)	28/04/1443H (corresponding to 04/12/2021G)
117-	8821	42-000544655-2	20/10/1442H (corresponding to 01/06/2021G)	20/10/1443H (corresponding to 21/05/2022G)
Warehouses				
1-	Jeddah	42-000472511-2	04/12/1442H (corresponding to 14/07/2021G)	05/12/1443H (corresponding to 04/07/2022G)
2-	Khamis Mushait	42-000138289-4	18/7/1442H (corresponding to 02/03/2021G)	19/7/1443H (corresponding to 20/02/2022G)
3-	Riyadh	43-000180921-4	28/3/1443H (corresponding to 03/11/2021G)	27/3/1444H (corresponding to 23/10/2022G)

Source: The Company.

Table (12-13): Details of the SFDA Licenses Obtained by the Company

No.	Warehouse	Warehouse Type	License No.	Issuance Date	Expiration Date
1-	Jeddah (Annakheel)	Drugs, herbal preparations, cosmetics, and healthy products	0200106-06	21/03/1440H (corresponding to 29/11/2018G)	18/11/1444H (corresponding to 07/06/2023G)
2-	Khamis Mushait	Dry products	WL-2020-FO-1301	08/01/1442H (corresponding to 27/08/2020G)	10/02/1445H (corresponding to 26/08/2023G)
3-	Riyadh	Drugs, herbal preparations, cosmetics, and healthy products	0101292-06	27/04/1438H (corresponding to 25/01/2017G)	28/04/1448H (corresponding to 09/10/2026G)

Source: The Company.

12.6 Material Agreements

The Company has entered into a number of material agreements and contracts with multiple parties. This section sets out summaries of agreements and contracts which may, in the knowledge of the Board, be material and significant with respect to the Company's business, or which may impact the investors' decision to subscribe for the Offer Shares. The summaries of agreements and contracts referred to below do not include all terms and conditions and cannot be considered a substitute for the terms and conditions of these agreements.

12.6.1 Key Supply Agreements

The Company's business is based on the sale of Pharmaceutical and Non-Pharmaceutical Products that it purchases from more than 600 Business Accounts representing over 200 suppliers. In particular, the Company has 171 main Business Accounts for 2021G, representing 25 suppliers (identified based on gross purchases) and accounting for 76.5%, 78.8%, 73.7% and 78.5% of the total gross purchases made by the Company for the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and the Six Month Period Ended 30 June 2021G, respectively.

The Company has signed supply contracts with Business Accounts representing 24 Key Suppliers. However, the Company had not entered into a supply contract with a Business Account represented by a single Key Supplier. The Company purchases products from its Key Suppliers based on purchase orders and invoices. In addition, the Company has signed 10 contracts with Key Suppliers' Business Accounts for the production of the Company's Private Label products and Key Suppliers' Direct Import Products. The majority of these contracts give the Company the right to replace any defective or damaged products received from the Key Suppliers after they have been inspected. Furthermore, both the Company and the relevant supplier are granted the right to terminate the contract without cause. If any of these suppliers were to terminate or fail to renew its supply agreement with the Company, or agrees to renew on less favorable terms for the Company, the Company's business, results of operations, financial position, and prospects will be adversely and materially affected.

Although the majority of supply contracts signed with Key Suppliers are based on the Company's standard template contract (except for 3 out of 24 Key Suppliers' contracts), most of the general terms and conditions of said contracts are quite similar. The Company has not entered into a formal supply contract with any of the Key Suppliers.

The terms of the Company's supply contracts signed with Key Suppliers typically include the following:

- the products are supplied on the basis of purchase orders issued by the Company;
- the term of the supply contracts varies generally between one year and three years;
- the term of the supply contracts is generally subject to an automatic renewal;
- the credit terms of the supply contracts are generally 60 to 120 days from the date the supplier issues a statement of account (although in few contracts the payment is made from the receipt date of the products); and
- the Company can generally return defective or expired products to the relevant supplier.

Summary of Main Terms of Supply Contracts with Key Suppliers

Table (12-14): Supply Contract between Ismail Ali Abudawood Trading Company Ltd and the Company:

Term	1 Gregorian year, starting 01/01/2020G until 31/12/2020G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products, and cosmetics.
Renewal	Automatic renewal.
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of the product.

Table (12-15): Supply Contract between Unicharm Gulf Hygienic Industries Ltd and the Company:

Term	1 Gregorian year, starting 01/01/2021G until 31/12/2021G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products, and cosmetics.
Renewal	Automatic renewal.
Termination Rights	• Either party may, at any time, terminate the contract with a 30 days' notice to the other party. • Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-16): Supply Contract between Tamer Arabia Trading Company and the Company:

Term	1 Gregorian year, starting 01/01/2021G until 31/12/2021G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products, and cosmetics.
Renewal	Automatic renewal.
Termination Rights	• Either party may, at any time, terminate the contract with a 30 days' notice to the other party. • Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-17): Supply Contract between Al Kamal Import Office Company Ltd and the Company:

Term	1 Gregorian year, starting 01/01/2020G until 31/12/2020G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products, and cosmetics.
Renewal	Automatic renewal.
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-18): Supply Contract between Cigalah Trading Establishment – Biotech Gulf and the Company:

Term	2 Gregorian years, starting 01/01/2019G until 31/12/2020G.
Product Category	Pharmaceutical and cosmetic products.
Renewal	Automatic renewal for one year or for a similar period.
Termination Rights	The contract does not mention any termination rights.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-19): Supply Contract between Binzagr Unilever Distribution Ltd and the Company:

Term	1 Gregorian year, starting 01/01/2020G until 31/12/2020G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products, and cosmetics.
Renewal	Automatic renewal.
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-20): Supply Contract between Johnson & Johnson Consumer Saudi Arabia Ltd and the Company:

Term	1 Gregorian year, starting 01/01/2020G until 31/12/2020G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products, and cosmetics.
Renewal	Automatic renewal.
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-21): Supply Contract between Saudi Center for Pharmaceuticals and the Company:

Term	2 Gregorian years, starting 01/01/2020G until 31/12/2021G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products, and cosmetics.
Renewal	Automatic renewal.
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-22): Supply Contract between Arabian Trading Supplies (L'Oreal) and the Company:

Term	1 Gregorian year, starting 01/01/2020G until 31/12/2020G.
Product Category	Consumer products.
Renewal	Automatic renewal for one year or for a similar period.
Termination Rights	The contract does not mention any termination rights.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-23): Supply Contract between Ahmed Mohammed Abdul Wahab Naghi & Sons and the Company:

Term	2 Gregorian years, starting 01/01/2020G until 31/12/2021G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products, and cosmetics.
Renewal	Automatic renewal.
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-24): Supply Contract between Farouk, Maamoun Tamer & Company (FMT) and the Company:

Term	2 Gregorian years, starting 01/01/2019G until 31/12/2020G.
Product Category	Pharmaceutical Products.
Renewal	Automatic renewal for one year or for a similar period.
Termination Rights	The contract does not mention any termination rights.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding 48 hours.

Table (12-25): Supply Contract between Atlas International Services and the Company:

Term	1 Gregorian year, starting 01/01/2021G until 31/12/2021G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products and cosmetics.
Renewal	Automatic renewal
Termination Rights	• Either party may, at any time, terminate the contract with a 30 days' notice to the other party. • Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-26): Supply Contract between National Paper Products (NAPCO) and the Company:

Term	1 Gregorian year, starting 01/01/2021G until 31/12/2021G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products and cosmetics.
Renewal	Automatic renewal
Termination Rights	• Either party may, at any time, terminate the contract with a 30 days' notice to the other party. • Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-27): Supply Contract between Arabian Supplies Company (Vichy - La Roche Posay - Skinceuticals) and the Company:

Term	2 Gregorian years, starting 01/01/2019G until 31/12/2020G.
Product Category	Pharmaceutical Products and cosmetics.
Renewal	Automatic renewal for one year or for a similar period.
Termination Rights	The contract does not mention any termination rights.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-28): Supply Contract between Ahmed Mohammed Abdul Wahab Naghi & Sons and the Company:

Term	1 Gregorian year, starting 01/01/2021G until 31/12/2021G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products and cosmetics.
Renewal	Automatic renewal
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-29): Supply Contract between Medical Supplies & Services Company Limited (Mediserv), and the Company:

Term	1 Gregorian year, starting 01/01/2021G until 31/12/2021G.
Product Category	Pharmaceutical Products for diabetes.
Renewal	Automatic renewal
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract in the event that the other party ceases its commercial activities, liquidates or dissolves itself, demands a moratorium involving a large part of its assets, ceases to make payments or declares bankruptcy. • The Company may terminate the contract at any time during its validity by sending a written notice wihtin 30 days prior to the date of termination. This termination does not affect the rights of both parties.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-30): Supply Contract between Salhia Commercial and the Company:

Term	1 Gregorian year, starting 01/01/2020G until 31/12/2020G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products and cosmetics.
Renewal	Automatic renewal
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-31): Supply Contract between Tabuk Pharmaceuticals and the Company:

Term	1 Gregorian year, starting 01/01/2020G until 31/12/2020G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products and cosmetics.
Renewal	Automatic renewal
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-32): Supply Contract between Farouk, Maamoun Tamer & Company (FMT) and the Company:

Term	1 Gregorian year, starting 01/01/2020G until 31/12/2020G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products and cosmetics.
Renewal	Automatic renewal
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may exchange or return any products damaged due to improper loading or storage during transportation from the Supplier's warehouses, within a period not exceeding one (1) week from the date of delivery of said product.

Table (12-33): Supply Contract between Ahmed Mohammed Abdul Wahab Naghi & Sons and the Company:

Term	1 Gregorian year, starting 01/01/2020G until 31/12/2020G.
Product Category	Pharmaceutical and Non-Pharmaceutical Products and cosmetics.
Renewal	Automatic renewal
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions or in the event of any party's failure to perform any of its contractual obligations. • Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the contract where the other party has stopped its commercial activities or in the event of its bankruptcy or liquidation.
Return of Products	The Company may replace or return any damaged, expired or about to expire products.

12.6.2 Contracts for Manufacturing Special Products:

The Company is developing its special products through contracts with a number of manufacturing companies. As at the date of this Prospectus, the Company has 13 special products.

In general, contracts entered into with the five main manufacturers of special products include the following:

- The manufacturer manufactures the products which will be owned, promoted and sold by the Company under its trademark.
- The manufacturer obtains the approval of the SFDA and other concerned governmental bodies, and registers such approval in the name of the Company under its trademark.
- The manufacturer packs the products as designed by the Company.
- The manufacturer ships and unloads orders at the Company's warehouses, provided that the manufactured products are valid and useable for a period of no less than 16 months from the date of delivery to the Company's warehouses.

- The manufacturer provides the products, based on the purchase orders issued by the Company, at least 7 days prior to the date of supplying the products to the warehouses.
- The manufacturer undertakes not to manufacture the products which will be owned by the Company, throughout the valid term of the contract and after the expiry thereof.
- The period of the manufacturing contract of the special products generally ranges between one year and four years.
- Generally, the term of the supply contracts is automatically renewable.
- The credit terms of the supply contracts generally range between 60 and 120 days as of the date of the manufacturer's receipt of the relevant invoices.

12.6.2.1 Summary of Main Terms of Contracts with the Major Manufacturers of Special Products:

Table (12-34): Special Products Manufacturing Contract between Almarai Baby Food and the Company:

Term	Four Gregorian years starting 20/10/2017G and ending on 20/10/2021G.
Product Category	Manufacturing food products or food supplements (baby milk) according to the Company's composition.
Renewal	Automatic renewal
Termination Rights	• Either party may terminate the contract if the other party breaches any of the contractual provisions and does not remedy such breach within 30 days of receiving a written notice from the other party. • Either party may terminate the Contract, without giving a cause, provided that it notifies the other party accordingly at least six months prior to such termination.
Return of Products	The Company may replace or return any damaged product within no more than one (1) week from receiving said product.

Table (12-35): Special Products Manufacturing Contract between Ontex CZ and the Company:

Term	Two Gregorian years starting 01/04/2021G and ending on 01/04/2023G.
Product Category	Diapers, napkins and bath products.
Renewal	Automatic renewal for 6 months.
Termination Rights	Either party may terminate the contract, without giving a cause, provided that it shall notify the other party accordingly at least six months prior to the date of such termination.
Return of Products	The contract contains no provision regarding the return of products. However, the contract gives the Company the right tocompensation in case it does not receive the products in accordance with standards agreed upon under the contract.

Table (12-36): Special Products Manufacturing Contract between Pyramedia and the Company:

Term	Two Gregorian years starting 20/01/2020G and ending on 20/01/2022G.
Product Category	Diapers, napkins and bath products.
Renewal	Automatic renewal for one year.
Termination Rights	Either party may terminate the contract, without a cause, provided that it shall notify the other at least six months prior to the date of such termination.
Return of Products	The contract contains no provision regarding the return of products. However, the contract gives the Company the right to compensation in case it does not receive the products in accordance with the standards agreed upon under the Contract.

Table (12-37): Special Products Manufacturing Contract between PARSA Haar and the Company:

Term	Three Gregorian years starting 15/11/2016G and ending on 15/11/2019G.
Product Category	Nail care products, cosmetics, accessories, hair accessories and nail care supplements
Renewal	Automatic renewal for one year.
Termination Rights	Either party may terminate the contract, without a cause, provided that it shall notify the other at least six months prior to the date of such termination.
Return of Products	The contract contains no provision regarding the return of products. However, the contract gives the Company the right to compensation in case it does not receive the products in accordance with the standards agreed upon under the contract.

12.6.3 Direct Import Contracts

The Company provides a set of internationally branded products through contracts with a number of international suppliers in order to obtain such products. As at the date of this Prospectus, the Company imports 80 products.

12.6.3.1 Summary of Main Provisions of Contracts with Major Suppliers of Direct Import Products

Table (12-38): Supply Contract between Medicina AG and the Company:

Term	Three Gregorian years starting 03/11/2019G and ending on 03/11/2022G.
Product Category	Medical equipment.
Renewal	Automatic renewal for one year.
Termination Rights	Either party may terminate the contract, without a cause, provided that it shall notify the other at least three months prior to the date of such termination.
Return of Products	The contract contains no provision regarding the return of products. However, the contract gives the Company the right to compensation in case it does not receive the products in accordance with the standards agreed upon under the contract.

Table (12-39): Supply Contract between Island Gate General Trading and the Company:

Term	Two Gregorian years starting 10/10/2019G and ending on 10/10/2021G.
Product Category	Thermometers and elderly care.
Renewal	Automatic renewal for one year.
Termination Rights	Either party may terminate the contract, without a cause, provided that it shall notify the other three months prior to the date of such termination.
Return of Products	The contract contains no provision regarding the return of products. However, the contract gives the Company the right to compensation in case it does not receive the products in accordance with the standards agreed upon under the contract.

Table (12-40): Supply Contract between Eurobio Lab and the Company:

Term	Two Gregorian years starting 19/11/2020G and ending on 19/11/2022G.
Product Category	Toothpaste, baby accessories, shaving moisturizer and hand soap.
Renewal	Automatic renewal for one year.
Termination Rights	Either party may terminate the contract, without a cause, provided that it shall notify the other three months prior to the date of such termination.
Return of Products	The contract contains no provision regarding the return of products. However, the contract gives the Company the right to compensation in case it does not receive the products in accordance with the standards agreed upon under the Contract.

Table (12-41): Supply Contract between True Honey and the Company:

Term	Two Gregorian years starting 15/05/2019G and ending on 15/05/2021G.
Product Category	Honey.
Renewal	Automatic renewal for a similar period.
Termination Rights	Either party may terminate the contract, without a cause, provided that it shall notify the other six months prior to the date of such termination.
Return of Products	The contract contains no provision regarding the return of products. However, the contract gives the Company the right to compensation in case it does not receive the products in accordance with the standards agreed upon under the contract.

12.6.4 Lease Contracts

12.6.4.1 Lease Contracts of Main Pharmacies

The tables below set out a summary of the provisions of the Company's lease contracts in relation to its main pharmacies.

Table (12-42): Lease Contracts of Main Pharmacies:

Pharmacy No.	Total Area (square meters)	Landlord	Term including start and expiry	Renewal
1-7823	sqm 2509	Al-Rajhi Capital	10 Hijri years starting from 23/10/1440H and expiring on 23/10/1450H.	Renewal is subject to mutual agreement.
2-1239	sqm 2695	Abdullah Bin Muhammad Bugshan	15 Gregorian years starting from 01/05/2021G and expiring on 30/04/2036G.	Renewal is subject to mutual agreement.
3-1279	sqm 100	Ghassan Najeeb Pharaon General Hospital	5 Hijri years starting from 26/08/1441H and expiring on 21/11/1446H.	In case the Tenant desires to extend the Contract, then it shall notify the Lessor at least two months prior to the expiry of the original or renewed term.
4-4009	sqm 941	Saud Abdulaziz Abdul-Rahman Al Aqeel	3 Gregorian years starting from 18/10/2020G and ending 17/10/2023G.	Renewal is subject to mutual agreement.
5-8216	sqm 621	Daman Projects Real Estate	12 Gregorian years starting from 15/08/2018G and expiring on 15/08/2030G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
6-7228	sqm 1300	Muneef Bin Amer Bin Abdullah Muneef Al Nahdi	10 Hijri years starting from 01/09/1436H and expiring on 30/08/1446H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
7-1233	sqm 290	Muhammad Bin Wakhaizer Bin Saeed Al Otaibi	10 Hijri years starting from 17/11/1437H and expiring on 16/11/1447H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
8-6011	sqm 675	Haider Mohamed Said Abu Malha	Two Gregorian years, starting from 27/10/2020G and expiring on 26/10/2022G.	Renewal is subject to mutual agreement.
9-2015	sqm 516	Endowments of the descendants of Muhammad Bin Abdulaziz Al Rajhi, represented by Abdulaziz Hamad Kharss Al Enazi	3 Gregorian years, starting from 26/10/2020G and expiring on 25/10/2023G.	Renewal is subject to mutual agreement.
10-3076	sqm 750	Suleiman Bin Salim Bin Salim Al Saadi Al Harbi	10 Gregorian years starting from 12/1/2019 and expiring on 30/11/2029G.	Renewal is subject to mutual agreement and a new Contract.
11-1002	sqm 575	Endowment of Faraj Al Mosaed, represented by Saad Faraj Al Mosaed	10 Hijri years starting from 01/06/1440H and expiring on 30/05/1450H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least one month prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
12-9812	sqm 936	Saad Bin Moree Bin Ahmed Abu Dobail	10 Hijri years starting from 1/7/1439H and expiring on 30/6/1449H.	The Contract contains no provision on that regard.
13-9433	sqm 700	Amr Said Ibrahim Boqsmati	10 Gregorian years, starting from 15/09/2018G and expiring on 14/09/2028G.	Renewal is subject to mutual agreement and a new contract.

Pharmacy No.	Total Area (square meters)	Landlord	Term including start and expiry	Renewal
14-7781	sqm 1500	Abdulaziz Bin Khalid Bin Ibrahim Al Habdan	10 Gregorian years starting from 01/02/2018G and expiring on 30/01/2028G.	Renewal is subject to mutual agreement and a new contract.
15-5024	sqm 652	Mohammed Bin Hamad Bin Abdulaziz Al Ghonaim	5 Hijri years starting from 01/08/1439H and expiring on 30/07/1444H.	Automatically renewable.
16-2049	sqm 700	Majed Muhammad Ali Saeed Al Saadi	9 Gregorian year starting from 07/02/2021G and expiring on 06/02/2030G.	Renewal is subject to mutual agreement.
17-9240	sqm 680	Al-Murjan Private Company for Investment	10 Gregorian years starting from 01/02/2017G and expiring on 31/01/2027G.	Renewal is subject to mutual agreement.
18-1221	sqm 750	Mohammed Bin Abdullah Al Amri	10 Gregorian years, starting from 25/03/2020G and expiring on 24/03/2030G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
19-1072	sqm 659	Fouad Bin Abdul-Rahman Kayyal	15 Hijri years starting from 01/01/1439H and expiring on 20/12/1453H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
20-7635	sqm 687	Princess Hessa Bint Salman Bin Abdulaziz Al Saud	10 Gregorian years starting from 17/05/2018G and expiring on 17/05/2028G.	The Contract is automatically renewable for 5 years with the consent of the two parties.
21-1219	sqm 439	Mohsen Bin Salem Al Nahdi	5 Hijri years starting from 01/06/1441H and expiring on 30/05/1446H.	Renewal is subject to mutual agreement.
22-1069	sqm 520	Saleh Ahmed Bin Asail	One Gregorian year, starting from 16/11/2020G and expiring on 05/11/2021G.	Renewal is subject to mutual agreement.
23-1008	sqm 419	Ahmed Abbas Al Jilani	5 Hijri years starting from 01/09/1439H and expiring on 30/08/1444H.	Renewal is subject to mutual agreement.
24-6026	sqm 651	Abdullah Saad Daajem, represented by Saad Abdullah Daajem	4 Gregorian years, commencing on 08/02/2021G and expiring on 07/02/2026G	Renewal is subject to mutual agreement.
25-8402	sqm 515	Abdul-Rahman Hussain Samman	15 Hijri years starting from 01/04/1436H and expiring on 30/04/1451H.	Renewal is subject to mutual agreement.
26-4004	sqm 750	Mashraa Bin Share Bin Masqar Al Marzouqi Al Boqami	10 Gregorian years starting from 01/01/2015G and expiring on 30/12/2024G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
27-9731	sqm 810	Hamid Bin Abdul-Majeed Al Sulaiman	5 Gregorian years starting from 01/01/2021G and expiring on 31/12/2026G.	Renewal is subject to mutual agreement.
28-7660	sqm 325	Abdul-Rahman Bin Abdul-Aziz Bin Saleh Al Hamid	10 Gregorian years starting from 01/07/2019 and expiring on 30/06/2029G.	Renewal is subject to mutual agreement and a new contract.
29-8429	sqm 425	Saeed Bin Abdullah Al Qahtani	4 Gregorian years, commencing on 07/21/2018 and expiring on 06/06/2022G.	Renewal is subject to mutual agreement.
30-8708	sqm 237	Faleh Bin Muhammad Bin Abdullah Al Shahrani	10 Gregorian years starting from 01/04/2010G and expiring on 31/12/2019G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.

Pharmacy No.	Total Area (square meters)	Landlord	Term including start and expiry	Renewal
31-2512	sqm 559	Yasser Ahmed Bin Muhammad Bin Saeed Al Esaimi	5 Hijri years starting from 01/10/1439H and expiring on 30/09/1444H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
32-9241	sqm 650	Rabe Bin Saeed Bin Ghtaish Al Fahmi	15 Gregorian years starting from 28/06/2019G and expiring on 27/06/2034G.	Renewal is subject to mutual agreement after 15 years under new conditions suitable for the future.
33-7809	sqm 450	Khalid Bin Kamel Bin Matar Al Mehaidi Al Qorashi	15 Gregorian years starting from 2019G and expiring on 30/12/2043G (contract commencement date is missing).	Renewal is subject to mutual agreement and a new contract.
34-2059	sqm 31.626	Abdul-Rahman Abdullah Meaidh Al-Obaidi	5 Gregorian years starting from 14/01/2021G and expiring on 13/01/2026G.	Renewal is subject to mutual agreement.
35-1214	sqm 334	Abdulhadi Muhammad Ba Khraiba	5 Hijri years commencing on 01/09/1440H and expiring on 30/08/1445H.	Renewal is subject to mutual agreement.
36-2523	sqm 500	Fahad Mohammed Atteia Al Ziadi	3 Gregorian years, commencing on 14/01/2021G and expiring on 13/01/2024G.	Renewal is subject to mutual agreement.
37-1089	sqm 375	Awadh Abdullah Al Amri	10 Hijri years starting from 01/11/1432H and expiring on 30/10/1442H.	Renewal is subject to mutual agreement.
38-7620	sqm 360	Fadhl Mehdhar Bin Abdullah Mehdhar, represented by his local attorney, his son Hassan Bin Fadhl Bin Mehdhar Aqeel	5 Gregorian years starting from 11/06/2021G and expiring on 10/06/2026G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
39-7811	sqm 400	Awad Saeed Al Qahtani	10 Gregorian years starting from 20/04/2020G and expiring on 19/04/2030G.	Renewal is subject to mutual agreement and a new contract.
40-1021	sqm 168	Saad Bin Hamed Al Sharif	10 Gregorian years starting from 01/09/2019G and expiring on 30/08/2029G.	Automatically renewable.
41-8132	sqm 354	Mohammed Bin Ahmed Al Tamran	3 Gregorian years from 08/09/2021G and expiring on 7/9/2024G.	Renewal is subject to mutual agreement.
42-9717	sqm 560	Wajdi Bin Ibrahim Bin Omar Sanior	10 Hijri years starting from 01/07/1435H and expiring on 30/06/1445H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
43-6111	sqm 168	Jafan Modern Pharmacy, owned by Ayman Abdul Muti Rajallah Al Routhi	5 Gregorian years starting from the date of signing the takeover and handover minutes.	The Contract is renewable for a similar period unless either party notifies the other in writing, at least three months prior to the Contract expiry, of its intention not to renew the Contract.
44-7471	sqm 550	Abdul-Mohsen Abdul-Aziz Al-Haqbani	10 Hijri years starting from 28/10/1436H and expiring on 28/10/1446H.	Renewal is subject to mutual agreement and a new contract.
45-8525	sqm 551	Mohammed Bin Said Al-Qahtani	10 Hijri years starting from 01/06/1436H and expiring on 30/05/1446H.	Renewal is subject to mutual agreement.
46-1243	sqm 1,733.51	Ali Muhammad Bin Mahmoud Al-Baz	15 Hijri years commencing six months after 01/10/1437H and expiring on 22/02/1448H.	Renewal is subject to mutual agreement.
47-7724	sqm 750	Jamaan Bin Mezher Al Hamrani	10 Gregorian years starting from 28/06/2018G and expiring on 10/03/2028G.	Renewal is subject to mutual agreement.

Pharmacy No.	Total Area (square meters)	Landlord	Term including start and expiry	Renewal
48-6001	sqm 264	Mefleh Mohammed Ahmed Abu Dasser	2 Gregorian years starting from 14/01/2021G and expiring on 13/01/2023G.	Renewal is subject to mutual agreement.
49-5015	The Lease Contract does not provide for the area.	Ibrahim Muhammad Al- Sharif	15 Hijri years starting from 01/12/1430H and expiring on 30/11/1445H.	Automatically renewable.
50-9800	sqm 430	Yahya Bin Muhammad Al-Mohamadi, represented by Fayez Bin Muhammad Al-Mazroui	15 Gregorian years starting from 01/09/2019G and expiring on 30/08/2034G.	Automatically renewable.
51-7821	sqm 1,087	Aedh Bin Oboud Al-Muhammad	14 Gregorian years, starting from 29/12/2019G and expiring on 28/12/2033G.	Renewal is subject to mutual agreement.
52-1258	sqm 974	Zohair Ahmed Zahran	10 Gregorian years starting from 01/08/2018G and expiring on 30/09/2028G.	Renewal is subject to mutual agreement.
53-9338	sqm 775	Ali Bin Nasser Bin Saeed Al-Farhan Al- Amri	10 Gregorian years starting from 01/06/2019G and expiring on 30/05/2029G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the contract.
54-7407	sqm 550	Cooperative Office for Propagation, Guidance and Community Awareness in Jubail	10 Hijri years starting from 04/03/1436H and expiring on 03/03/1446H.	The Contract is not automatically renewable.
55-1081	sqm 344	Abdul-Qadir Muhammad Abu Bakr Jilani	2 Gregorian years, starting from 13/02/2021G and expiring on 12/02/2023G.	Renewal is subject to mutual agreement.
56-6112	sqm 209	Jafan Modern Pharmacy, owned by Ayman Abdul Moti Rajallah Al Routhi	One Gregorian year starting from 02/10/2017G and expiring on 30/09/2018G.	The Contract is renewable for a similar period unless either party notifies the other in writing, at least two months prior to the Contract expiry, of its intention not to renew the contract.
57-7826	sqm 900	Muhammad Jamil Hommoud Al Traiqi	9 Gregorian years starting from 20/01/2021G and expiring on 19/01/2030G.	Renewal is subject to mutual agreement.
58-7814	sqm 120	Bugshan Hospital, represented by Suleiman Ahmed Suleiman Bugshan	3 Hijri years starting from 01/02/1441H and expiring on 30/01/1444H.	Renewal is subject to mutual agreement and a new contract.
59-7000	sqm 410	Fahd Bin Saad Bin Abdullah Al-Heqbani	5 Greogorian years starting from 11/06/2021G and expiring on 10/06/2026G.	Renewal is subject to mutual agreement and a new contract.
60-8205	sqm 450	Kharsan Hassan Al Yela	5 Gregorian years starting from 09/08/2021G and expiring on 08/08/2026G.	Renewal is subject to mutual agreement.
61-1237	sqm 557	Serry Abdullah Abed Al-Harthi	11 Gregorian years starting from 30/04/2021G and expiring on 29/04/2032G.	Renewal is subject to mutual agreement.
62-8418	sqm 650	Saleh Salem Babqi	5 Gregorian years starting from 08/02/2021G and expiring on 07/02/2026G.	Renewal is subject to mutual agreement.
63-7413	sqm 272	Tamas AlSharq Establishment	10 Gregorian years starting from 13/08/2016G and expiring on 27/04/2026G.	Renewal is subject to mutual agreement.

Pharmacy No.	Total Area (square meters)	Landlord	Term including start and expiry	Renewal
64-8114	sqm 297	Safar Bin Dakhel Bin Dekhil Allah Al Esaimi Al Otaib	4 Hijri years starting from 01/07/1439H and expiring on 30/06/1443H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
65-8504	sqm 420	Nayef Bin Ali Abu Saq	5 Gregorian years starting from 08/03/2019G and expiring on 07/03/2024G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
66-5030	sqm 472	Abdullah Ali Hassan Al- Qambar	15 Gregorian years starting from 15/06/2014G and expiring on 14/06/2029G.	Renewal is subject to mutual agreement.
67-1038	sqm 355	Jamaan Bin Ahmed Bin Jamaan Al Samha Al Ghamdi	10 Hijri years starting from 01/07/1433H and expiring on 30/06/1443H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
68-3073	sqm 375	Lafi Bin Awadh Bin Njaim Al-Berkani Al-Harbi	10 Gregorian years starting from 18/06/2019G and expiring on 17/06/2029G.	Renewal is subject to mutual agreement and a new contract.
69-7732	sqm 1,240	Heirs of Muhammad Hassan Khafar, represented by Hassan Nasser Al Daghriri	10 Gregorian years starting from 20/02/2019 and expiring on 19/02/2029G.	Renewal is subject to mutual agreement.
70-8631	sqm 252	Muhammad Bin Adnan Bin Muhammad Bin Eid Hadi	10 Hijri years starting from 15/12/1432H and expiring on 15/12/1442H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
71-1114	sqm 160	Omar Ahmed Omar Ba Sabrin	3 Gregorian years starting from 18/01/2018G and expiring on 17/01/2021G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
72-4059	sqm 1,440	Alem Hazzazi , represented by the owner of the , Khadi Mesfer Nasser Hmaim Al-Yami	10 Gregorian years starting from 15/01/2020G and expiring on 15/01/2030G.	The Tenant shall notify the Lessor and its agent, at least three months prior to the Contract term expiry, of its intention to renew the Contract.
73-5010	sqm 821	Mubarak Bin Abdul-Mohsen Mubarak Al Ameer	2 Gregorian years, commencing on 13/04/2021G and expiring on 12/04/2023G	Renewal is subject to mutual agreement.
74-4025	sqm 300	Abdullah Mishaal Abdullah Al Serayeh	5 Gregorian years, starting from 24/12/2020G and expiring on 23/12/2025G.	Renewal is subject to mutual agreement.
75-2529	sqm 548	Abdul-Rahman Ali Bin Darweesh Al-Harthi	4 Hijri years starting from 01/01/1440H and expiring on 30/12/1443H.	Renewal is subject to mutual agreement and a new contract.
76-8613	sqm 425	Abdul-Rahman Bin Mubarak Al-Ghamdi	4 Gregorian years, starting from 16/11/2020 and expiring on 15/11/2024G.	Renewal is subject to mutual agreement.
77-7627	sqm 400	Nassar Bin Abdullah Bin Othman Al-Saleh	10 Hijri years starting from 15/12/1436H and expiring on 14/12/1446H.	Renewal is subject to mutual agreement and a new contract.

Pharmacy No.	Total Area (square meters)	Landlord	Term including start and expiry	Renewal
78-7419	sqm 620	Abdul-Wahab Bin Abdul-Latif Bin Abdul-Wahab Al-Hamam	6 Gregorian years, starting from 18/04/2021G and expiring on 17/04/2027G.	Renewal is subject to mutual agreement.
79-2046	sqm 350	Abdullah Abdul-Mohsen Muhammad Al- Bdaiwi	5 Hijri years starting from 01/08/1438H and expiring on 01/08/1443H.	The Contract contains no renewal provision.
80-1172	sqm 285	Fadhl Attia Al Rehaili	10 Hijri years starting from 01/09/1434H and expiring on 30/08/1444H.	Renewal is subject to mutual agreement.
81-1043	sqm 802	Ahmed Bin Obaid Bin Mohammed Bin Barakat	10 Hijri years starting from 01/05/1433H and expiring on 30/04/1443H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
82-9334	Zeoof Real Estate Development & Investment	Zeoof Real Estate Development & Investment	10 Gregorian years starting from 30/05/2015G and expiring on 30/05/2025G.	The Contract is not automatically renewable.
83-8415	sqm 326	Saud Nasser Al Shahrani	11 Hijri years starting from 01/07/1433H and ending 30/06/1444H.	The Contract may be renewed under a new contract, together with renewing the Investment Contract.
84-5070	sqm 675	Shoaib Bin Azem Bin Eid Al-Azem	9 Gregorian years starting from 20/11/2019G and expiring on 20/11/2028G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
85-1272	sqm 264	Arabian Centers Company (ACC)	3 Gregorian years, starting from 20/05/2019G and expiring on 19/05/2022G.	The Lease Contract does not contain any provision regarding renewal.
86-1064	sqm 248	Saeed Bin Bakhat Bin Musa Al-Faran Al-Zahrani	10 Hijri years starting from 01/04/1433H and expiring on 30/03/1443H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
87-7119	sqm 350	Kamel Mari Mubarak	5 Hijri years starting from 09/06/1440H and expiring on 08/06/1445H.	The Lease Contract does not contain any provision regarding renewal.
88-7632	sqm 360	Abla Saleh Al-Dsaimani	10 Hijri years starting from 22/02/1437H and expiring on 21/02/1447H.	Renewal is subject to mutual agreement.
89-9220	sqm 380	Khalid Bin Ali Bin Jarad Al-Allas Al- Ghamdi	15 Hijri years starting from 01/08/1433H and expiring on 30/07/1448H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
90-7652	sqm 464	Adel Saleh Hashem Wahabo Bader	5 Hijri years starting from 20/08/1438H and expiring on 20/08/1443H.	Renewal is subject to mutual agreement.
91-7830	sqm 720	Saad Bin Sala Bin Abdullah Al-Harthi	10 Gregorian years (dates are missing)	Renewal is subject to mutual agreement and a new contract.
92-4001	sqm 216	Mohammad Naser Saud AlFaleh	5 Gregorian years starting from 09/08/2021G and expiring on 08/08/2026G.	Renewal is subject to mutual agreement and a new contract.
93-7754	sqm 508	Amer Bin Salah Bin Abdullah Al-Nahdi	6 Gregorian years, starting from 08/09/2021G and expiring on 07/09/2027G.	Renewal is subject to mutual agreement.
94-1119	sqm 342	Khaled Hussein Ali Marfaq	10 Gregorian years starting from 10/08/2021G and expiring on 09/08/2031G.	Renewal is subject to mutual agreement.

Pharmacy No.	Total Area (square meters)	Landlord	Term including start and expiry	Renewal
95-8212	sqm 400	Muhammad Odha Al-Shahrani and Saad Odha Safra, represented by Mohammed Bin Saad Safra and the heirs of Thabet Odha Al-Thabet, represented by Abdullah Thabet Al Thabet	10 Gregorian years starting from 20/09/2017G and expiring on 19/09/2027G.	Renewal is subject to mutual agreement.
96-7358	sqm 350	Mawarid Abha , represented by Homoud Mohammed Al Shehri	10 Hijri years starting from 12/05/1436H and expiring on 11/05/1446H.	Renewal is subject to mutual agreement.
97-5000	sqm 400	Abdullah Bin Mohammed Ababtain	One Gregorian year starting from 01/01/2022G and expiring on 31/12/2022G.	Renewal is subject to mutual agreement and a new contract.
98-8616	sqm 362	Abdul-Khaliq Yahya Bin Ahmed Al-Zahrani	5 Gregorian years, starting from 13/04/2021G and expiring on 12/04/2026G.	Renewal is subject to mutual agreement.
99-3012	sqm 237	Marzouq Bin Saleh Bin Salim Al Meghzwi	12 Hijri years starting from 01/01/1439H and expiring on 30/12/1450H.	Renewal is subject to mutual agreement and a new contract.
100-7302	sqm 430	Ahmed Bin Abdullah bin Issa Al-Marshad	10 Hijri years starting from 12/08/1435H and expiring on 11/08/1445H.	The Contract is automatically renewable, together with all the terms thereof, for a similar period unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
101-1015	sqm 300	Faisal Masaud Bin Hzaiz Al-Saadi Al-Harbi	5 Hijri years starting from 01/01/1440H and expiring on 30/12/1445H.	The Lease Contract contains no renewal provision.
102-4005	sqm 300	Fahd Bin Abdullah bin Nasser Al-Marshoud	One Gregorian year starting from 07/10/2021G and expiring on 06/10/2022G.	Renewal is subject to mutual agreement.
103-8426	sqm 376	Saleh Bin Jobran Al-Qahtani	10 Gregorian years starting from 08/03/2019G and expiring on 07/03/2029G.	Renewal is subject to mutual agreement.
104-4034	sqm 500	Abdullah Bin Hussein Bin Abdul-Rahman Bin Hamdan	10 Hijri years starting from 10/09/1437H and expiring on 18/09/1447H.	Renewal is subject to mutual agreement and a new contract.
105-3000	sqm 458	Abdul-Rahman Bin Amin Bin Saleh Khshaim	10 Hijri years starting from 01/11/1433H and expiring on 30/10/1443H.	Renewal is subject to mutual agreement and a new contract.
106-1093	sqm 2,000	Abdul-Aziz Bin Ali Bin Nasser Al-Ammari	10 Hijri years starting from 01/08/1436H and expiring on 30/07/1446H.	Renewal is subject to mutual agreement and a new contract.
107-9836	sqm 2,700 m	Salem Bin Mubarak Al-Obthani	15 Hijri years starting from 01/11/1437H and expiring on 30/10/1452H.	Renewal is subject to mutual agreement.
108-8814	sqm 280	Abdullah Al-Sebai	14 Gregorian years, starting from 13/06/2010G and expiring on 21/12/2024G.	Automatically renewable.
109-7481	sqm 400	Loulwa Ahmed Bin Abdul-Rahman Al-Othaimin	10 Gregorian years commencing on 01/11/2019G and expiring on 31/10/2029G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
110-4013	sqm 445	Mohamed Al Saad Al Ajlan Sons Real Estate Company	3 Hijri years starting from 15/01/1441H and expiring on 14/01/1444H.	Renewal is automatic for one year unless either party notifies the other, at least one month prior to the Contract expiry, of its intention not to renew the Contract.

Pharmacy No.	Total Area (square meters)	Landlord	Term including start and expiry	Renewal
111-1059	sqm 397	Ahmed Bin Abdul-Qadir Bin Abdul-Hamid Attia Al-Sayed	15 Hijri years starting from 01/08/1441H and expiring on 30/07/1456H.	Renewal is subject to mutual agreement and a new contract.
112-7808	sqm 454	Ali Bin Nasser Al-Sharif	8 Hijri years starting from 01/05/1440H and expiring on 30/04/1448H.	The Lease Contract contains no renewal provision.
113-8133	sqm 399	Majed Muhammad Ahmed Kaaki	The Contract term commences two months after connection of electricity current and expires on 06/09/1453H.	The Lease Contract contains no renewal provision.
114-9934	sqm 450	Ahmed Othman Al Sefri Establishment	10 Gregorian years starting from 14/07/2018G and expiring on 13/07/2028G.	Renewal is subject to mutual agreement and a new contract.
115-8810	sqm 484	Heirs of Abdul-Aziz Hamad Al-Salem, represented by their local attorney, Aws Bin Abdul-Aziz Al Salem under Shari'a powers of attorney	10 Gregorian years starting from 17/11/2020G and expiring on 16/11/2030G.	Automatically renewable.
116-9410	sqm 460	Ata Bin Qazla Bin Ahmed Al-Alawi Al-Zahrani	10 Gregorian years starting from 19/09/2020G and expiring on 18/09/2030G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.
117-8821	sqm 500	Mohammed Bin Ahmed Al Zobaidi	14 Gregorian years starting from 06/03/2011G and expiring on 22/09/2025G.	The Contract is automatically renewable, together with all the terms thereof, for a similar period, unless either party notifies the other, at least two months prior to the expiry date of the Contract, under an official letter, of its intention not to renew the Contract.

Source: The Company.

12.6.4.2 Accommodation Leases

The table below sets out a summary of the provisions of the Company's lease contracts in relation to the various accommodation provided for the employees working at pharmacies.

Table (12-43): Housing Lease Contracts:

No.	Branch Name and Location	Landlord	Term including start and expiry	Renewal	Termination Provisions
1.-	Employees accommodation - Riyadh	Abdullah Bin Abdul-Aziz Al Eraifi	5 years commencing from 01/06/2017G and ending on 31/05/2022G	In case the two parties desire to renew, then a new contract shall be prepared to be agreed upon by the two parties at least two months prior to the expiry of the Contract term	The Lease Contract contains no provision in that regard.
2.-	Employees accommodation- Abha	Golden Touch Housing Units Establishment	One year commencing from 01/01/2021G and ending on 31/12/2021G	Automatic renewal	The Lease Contract contains no provision in that regard.

Source: The Company.

12.6.4.3 Warehouse Leases

The tables below set out a summary of the provisions of the main lease contracts entered into by the Company in relation to its warehouses.

Table (12-44): Warehouse Leases

No.	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal	Termination Provisions
1-	Jeddah - Al-Khumra district, Chamber of Commerce warehouses No. 2	9,607 square meters	Ali bin Ahmed bin Ali Bawazir	Two years, starting on 25/11/2021G and ending on 24/11/2023G	If both parties wish to renew, a new contract is prepared and agreed upon by both parties.	The injured party has the right to terminate the lease where the other party has failed to fulfill its obligations and did not abide thereby within fifteen (15) days, or failed to remedy any damage caused thereby The lease is terminated in the event of bankruptcy of the tenant.
2-	Khamis Mushait	11,200 square meters	Saad Hussein Al Hasaniah Establishment	6 years, starting on 14/04/2021G and ending on 13/04/2027G	Automatic renewal unless either party gives notice of their intention not to renew at least 15 days prior to the expiry date.	The landlord has the right to terminate the lease in case it does not wish to renew the lease and in case the tenant violates any of the terms of the lease.
3-	Riyadh (Al-Fozan)	840 square meters	Ali Fozan Muhammad Al-Fozan	3 years, starting on 01/03/2021G and ending on 29/02/2024G	Renewal subject to mutual agreement	The injured party has the right to terminate the lease where the other party has failed to fulfill its obligations and did not abide thereby within fifteen (15) days, or failed to remedy any damage caused thereby The lease is terminated in the event of bankruptcy of the tenant.
4-	Riyadh (diapers warehouse)	7744 square meters	Mohamed Ahmed Mohamed Bajunaid	5 years, starting on 01/09/2021G and ending on 31/08/2026G	Renewal subject to mutual agreement	The injured party has the right to terminate the lease where the other party has failed to fulfill its obligations and did not abide thereby within fifteen (15) days, or failed to remedy any damage caused thereby The lease is terminated in the event of bankruptcy of the tenant.

Source: The Company.

12.6.4.4 Head Office Leases

Table (12-45): Company (Head Office)

No.	Branch Name and Location	Area (square meters)	Landlord	Term including start and expiry	Renewal
1-	Jeddah Head Office - Al-Murjan	1,975 square meters	Reda Husain Basha	Twenty years, starting on 15/05/2013G and ending on 14/05/2023G	Renewal subject to mutual agreement and a new contract
2-	Parking of Jeddah Head Office - Al-Murjan	550 square meters	Umeima bint Abdullah bin Ali bin Ahmad	Ten years, starting on 01/12/1439H and ending on 29/11/1449H	Renewal subject to mutual agreement and a new contract

12.7 Properties Owned by the Company

The table below sets out a summary of the properties owned by the Company:

Table (12-46): Properties Owned by the Company

No.	Branch Name and Location	Deed No.	Deed Date	Area	Owner
1-	Al-Roghamah - Jeddah	5620	27/03/1425H	59,425 square meters	The Company (Commercial Register: 4030053868)
2-	Al-Rabieh District - Jeddah	520220021572	04/07/1439H	249,698.59 square meters	The Company (Commercial Register: 4030053868)
3-	Al-Andalus - Jeddah	8202200215737	04/07/1439H	836,554.02 square meters	The Company (Commercial Register: 4030053868)
4-	Al-Roghamah - Jeddah	53/2961/18	03/01/1433H	5,484.50 square meters	The Company (Commercial Register: 4030053868)

12.8 Related Party Transactions

The Directors confirm that none of the agreements with Related Parties described under this section contain preferential conditions, and have been concluded in accordance with laws and regulations on an arm's length basis. Except as disclosed in this section of this Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a Related Party, including the Financial Advisors and the Legal Advisor in respect of the Offering.

Moreover, the Directors acknowledge their intention to comply with Articles 71 and 72 of the Companies Law and Article 46 of the Corporate Governance Regulations issued in relation to contracts with the Related Parties. The General Assembly has approved all dealings and contracts with related parties.

The Company's transactions with Related Parties includes lease contracts, the provision of contracting services and engineering labor, as well as supervision services over implementation, construction and finishing works, in addition to the provision of administrative services.

The total value of rents from Related Parties to the Company amounted to SAR 2,050,469, SAR 1,955,469, SAR 1,838,457, and SAR 915,469 for the years 2018, 2019 and 2020 and for the Six Month Period Ended 30 June, 2021, respectively.

As at the date of this Prospectus, all transactions and contracts with the Company's Related Parties are subject to official contracts.

12.8.1 Related Party Leases

The Company entered into 6 leases with Related Parties, as follows:

- The Company entered into a lease with Red Sea Markets Co. Ltd., which is a Related Party, as it is 5.74% indirectly owned by Mr. Saleh Salem Ahmed bin Mahfouz, a member of the Company's Board of Directors.
- The Company entered into a lease with Intimaa Real Estate Services, which is a Related Party, as it is 11.58% indirectly owned by Mr. Saleh Salem Ahmed bin Mahfouz, a member of the Company's Board of Directors.
- The Company entered into a lease with Mr. Abdullah bin Salah bin Abdullah Al-Nahdi, who is a Related Party having a kinship relationship with Mr. Abdullah Amer Abdullah Al-Nahdi, a member of the Company's Board of Directors.
- The Company entered into a lease with Abdullah Salah Al Munif Al-Nahdi, who is a Related Party having a kinship relationship with Mr. Abdullah Amer Abdullah Al-Nahdi, a member of the Company's Board of Directors.
- The Company entered into a lease with Mr. Amer bin Salah bin Abdullah Al-Nahdi, who is a Related Party having a kinship relationship with Mr. Abdullah Amer Abdullah Al-Nahdi, a member of the Company's Board of Directors.

12.8.2 Other Related Parties Agreements

The Company entered into other Related Parties agreements as follows:

- Car rental agreement with Al-Jazira Equipment Co. Ltd. (AutoWorld), which is a Related Party, as it is 11.58% indirectly owned by Mr. Saleh Salem Ahmed bin Mahfouz, a member of the Company's Board of Directors.
- Goods transportation agreement with Al-Nahdi Transport Company, which is a Related Party, as it is 90.1% indirectly owned by Mr. Abdullah Amer Al-Nahdi, a member of the Company's Board of Directors.

12.9 Credit Facilities and Loans

Table (12-47): Facilities between the Saudi British Bank (SABB) and Nahdi Medical Company, dated 17/01/2021G, for a total amount of SAR 259,960,000:

Type of Facility/ Purpose/ Amount	1- Islamic cash account (upon request) • Facility limit: SAR 10,000,000 • Purpose: covering the Company's cash deficit • Term: 12 months 2- Combined facilities (combined facility limit: SAR 249,960,000) • Murabaha financing / Finance by Metal (Tawarruq): - Facility limit: SAR 200,000,000 - Purpose: meeting working capital requirements - Term: 6 months • Murabaha Financing: Documentary Credits (at sight / deferred / class B) - Facility limit of total credits to be opened or financed: SAR 249,000,000 - Murabaha facility limit (upon request): SAR 200,000,000 - Purpose: importing products related to the customer's business and financing the payment of documentary credits, collections and/or local purchases - Cost of sight LC opening: Saudi Central Bank's tariff +1% annually - Cost of deferred LC opening: Saudi Central Bank's tariff +1.5% annually - Admission fees: Saudi Central Bank's tariff +2% annually - Term: 12 months • Initial and final guarantees and down payment - Facility limit: SAR 19,960,000 - Costs of issuing the guarantee: Saudi Central Bank's tariff +1% annually - Term: 36 months • Miscellaneous guarantees - Facility limit: SAR 19,960,000 - Purpose: meeting business requirements as well as guarantees that do not comply with the Bank's forms. - Costs of issuing the guarantee: Saudi Central Bank's tariff +1% annually - Term: 36 months • Initial and final guarantees - Facility limit: SAR 4,960,000 - Costs of issuing the guarantee: Saudi Central Bank's tariff +1% annually - Term: 36 months • Miscellaneous guarantees (guarantees of withheld amounts) - Facility limit: SAR 4,960,000 - Purpose: meeting business requirements as well as guarantees that do not comply with the Bank's forms. - Costs of issuing the guarantee: Saudi Central Bank's tariff +1% annually - Term: 36 months • Miscellaneous guarantees (payment guarantees) - Facility limit: SAR 15,000,000 - Purpose: meeting business requirements as well as guarantees that do not comply with the Bank's forms. - Costs of issuing the guarantee: Saudi Central Bank's tariff +1% annually - Term: 60 months • Miscellaneous guarantees (payment guarantees) - Facility limit: SAR 158,000 - Purpose: meeting business requirements as well as guarantees that do not comply with the Bank's forms. - Costs of issuing the guarantee: Saudi Central Bank's tariff +1% annually - Term: 60 months
Outstanding Obligations	The Company does not have any outstanding obligations
Security	These facilities are guaranteed by way of an irrevocable assignment of contract proceeds in favor of the Bank, confirmed by the Project Owner and acceptable to the Bank in respect of the final guarantees, and an Order Note in the amount of SAR 259,960,000 provided by Nahdi Medical Company

Source: The Company.

Table (12-48): Facilities between the Saudi National Bank (SNB) and Nahdi Medical Company, dated 03/11/2021G, for a total amount of SAR 100,000,000:

Type of Facility/ Purpose/ Amount	1- Trade finance with a joint limit • Facility limit: SAR 100,000,000 • Purpose: financing opened credits • Financing period: 6 months • Maturity date: 30/09/2022G 2- Sight documetary credits (sub-limit of the trade finance) • Facility limit: SAR 100,000,000 • Purpose: accommodating supplier requirements • Cost of credit opening: corporate tariff • Cash insurance: 0% • Financing period: 180 days • Maturity date: 30/09/2022G 3- Deferred documentary credit (sub-limit of the trade finance) • Facility limit: SAR 100,000,000 • Purpose: accommodating supplier requirements • Cost of credit opening: corporate tariff • Postponement fees: 0.125% • Cash insurance: 0% • Financing period: 180 days • Maturity date: 30/09/2022G 4- Confirmed documentary collections (sub-limit of the trade finance) • Facility limit: SAR 100,000,000 • Purpose: accommodating supplier requirements • Cost of credit opening: corporate tariff • Postponement fees: 0.125% • Cash insurance: 0% • Financing period: 180 days • Due date: 30/09/2022G
Outstanding Obligations	The Company has no outstanding obligations
Security	These facilities are guaranteed by way of an order note for SAR 100,000,000 provided by Nahdi Medical Company.

Source: The Company.

Table (12-49): Facilities between Bank Al-Jazira and Nahdi Medical Company, dated 10/01/2022G, for a total amount of SAR 200,000,000:

Type of Facility/ Purpose/ Amount	1- Limit of (local and/or foreign) sight and/or deferred documentary credits; Murabaha financing and/or deferred sale leading to Tawarruq (under the Dinar Program) • Facility limit: SAR 200,000,000 • Purpose: importing medicines, small medical equipment, cosmetics and related materials in accordance with the Company's activity. • Commission for opening credits: 75% of the Saudi Central Bank's tariff • Commission for accepting documentary credits (for deferred credits): 0.125% per month or any part thereof • Term period: a maximum of 180 days • Credits validity period: a maximum of 180 days 2- Limit of a deferred sale leading to Tawarruq (under the Dinar Program) to finance collection policies and/or bills acceptable to the bank through transfers. • Facility limit: SAR 200,000,000 • Purpose: importing medicines, small medical equipment, cosmetics and related materials in accordance with the Company's activity and to finance the capital of the Company in exchange for bills and / or finance collections policies acceptable to the bank. • Term period: a maximum of 180 days 3- Limit of letters of guarantee (preliminary - performance - payment) • Facility limit: SAR 50,000,000 Saudi Riyals • Issuance commission: 0.75% annually • Term period: a maximum of 12 months 4- Limit of currency swap (main currencies and/or limit for dealing in various treasury products at Bank Al-Jazira: • Facility limit: SAR 10,000,000 • Purpose: paying the Company's obligations to external suppliers and/or hedging against currency fluctuation risks. • Term period: as determined by the Bank's treasury department, in accordance with the International Swaps and Derivatives Association / International Islamic Financial Market Tahawwut Master Agreement (ISDA/IIFM Tahawwut Master Agreement).
Outstanding Obligations	The Company has no outstanding obligations
Security	These facilities are guaranteed by way of an order note for SAR 200,000,000 provided by Nahdi Medical Company.

Source: The Company.

12.10 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. The following table sets out the key particulars of the insurance policies held by the Company and its Subsidiaries:

Table (12-50): Details of Insurance Policies:

Type	Company	Policy Number	Insurer	Duration	Sum Insured (in SAR)	Coverage
Group life insurance	Sakhaa Golden for Contracting & Trading Co. Ltd.	P/CR01/2020/ GL/0000007/R01	Arabian Shield Cooperative Insurance Company	From 0/01/2021G to 31/12/2021G Renewal date: 1 January annually	Group life insurance: SAR 400,000 Partial or total disability insurance: SAR 200,000	Group life insurance and permanent insurance against partial or total disability of Sakhaa employees
Group life insurance	Nahdi Medical Company	P/CR01/2020/ GL/0000006/R01	Arabian Shield Cooperative Insurance Company	From 0/01/2021G to 31/12/2021G Renewal date: 1 January annually	Group life insurance: SAR 1,500,000 Partial or total disability insurance: SAR 1,500,000	Group life insurance and permanent insurance against partial or total disability of Nahdi Medical Company employees.
Medical malpractice insurance	Nahdi Medical Company	44CHB2 0295/21-02	Chubb Arabia Cooperative Insurance Company	From 05/01/2021G to 04/02/2022G	SAR 10,000,000 in total	Medical malpractice coverage: 3,827 pharmacists, 125 doctors, nurses and technicians
Medical coverage	Nahdi Investment Company	N/A	The Oriental Insurance Company Limited	N/A	AED 500,000	Medical coverage
General liability insurance policy (third party)	Nahdi Medical Company	P-01-2020-6-603-025986/R1	National Insurance Company	From 05/06/2021G to 04/06/2022G. Renewal date: 04/06/2022	SAR 30,000,000	Covering the legal liability of Nahdi Medical Company towards third parties for death / bodily injury and / or property loss or damage, including legal costs and expenses related to the Company's premises and business operations
Money insurance policy	Nahdi Medical Company	P0621-GMY-TWRO-13807460	Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)	From 01/05/2021G to 30/04/2022G	Maximum limit per person: SAR 3,000,000 Cash in safe - normal working days (322 days): SAR 81,950,813 Cash in safe - Hajj / Ramadan days (43 days): SAR 106,950,813 Cash in safe - before or after Eid (6 days): SAR 10,000,000 Total limit during the policy period: SAR 7,500,000	Covering the loss of money through theft, burglary or accident.
Property All Risks insurance policy	Nahdi Medical Company	P0621-PAR-TWRO-13807231	Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)	From 01/05/2021G to 30/04/2022G	Material losses: SAR 3,936,060,171 Business interruption: SAR 1,681,632,984 Total: SAR 5,617,693,115	Covering material losses, destruction or damage of the Company's property as a result of accidents.
Employee guarantee policy	Nahdi Medical Company	P0621-GFG-TWRO-13807574	Al-Rajhi Company for Cooperative Insurance (Al-Rajhi Takaful)	From 01/05/2021G to 30/04/2022G	Total sum insured: SAR 35,266,000 (291 employees)	Covering losses and damages incurred by the Company as a result of the actions of employees during their work (due to fraud, theft or unethical behavior).

Type	Company	Policy Number	Insurer	Duration	Sum Insured (in SAR)	Coverage
Credit risk insurance policy	Nahdi Medical Company	0469550.00	Allianz Saudi Fransi Cooperative Insurance	From 01/02/2021G to 30/01/2022G	Insured sales: SAR 780,000,000	Covering losses incurred by the Company from unpaid insured dues
Cooperative health insurance policy	Nahdi Medical Company	13116300	Bupa Arabia for Cooperative Insurance Company	From 01/04/2021G to 31/03/2022G	Overall annual maximum limit per member: SAR 500,000	Covering inpatient and daily care Covering appropriate medical treatment, medical and surgical procedures, medical services and supplies, doctors and nursing fees, emergency, intensive or critical care, operating room's fees and medicines.
Managers and Officers Liability Insurance	Nahdi Medical Company	P/210/5023/21/000002	Arab Insurance Cooperative Company	From 22/06/2021G to 22/06/2022G	Overall maximum limit: SAR 37,500,000	Covering the liability of directors and officers

Source: The Company.

12.11 Intellectual Property

12.11.1 Trademarks

The Company and its Subsidiaries have registered a number of trademarks with the Commercial Trademarks Department of Ministry of Commerce. The Company and its Subsidiaries use these trademarks in their business, and as at the date of this Prospectus "Nahdi" and other trademarks derived therefrom have been registered. The Company and its Subsidiaries rely on these trademarks to ensure the success of their businesses and support their competitive position in the market. Therefore, if the Company or any of its Subsidiaries is unable to protect its trademarks, or if they are forced to take any legal measure to protect them, this can have an adverse and material effect on their ability to use them, which would in turn affect their businesses and results of operations. For more details, see Section 2.1.19 ("**Risks relating to protecting certain trademarks on which the Company relies**").

The following table sets out the main details of all the Nahdi Medical Company's registered trademarks in the Kingdom of Saudi Arabia. The Company currently uses a number of such trademarks, and has plans to use some of such trademarks in future.

Table (12-51): Details of Registered Trademarks:

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
1-	Nahdi Medical Company	KSA	1435004447	18/10/2023G	21	QURE
2-	Nahdi Medical Company	KSA	1438027273	26/05/2027G	35	
3-	Nahdi Medical Company	KSA	1438026462	7/05/2027G	8	Velveta فيلفيتا
4-	Nahdi Medical Company	KSA	142700082	03/06/2025G	5	صيدلية النهدي AL-NAHDI PHARMACY

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
5-	Nahdi Medical Company	KSA	142701514	13/08/2025G	3	
6-	Nahdi Medical Company	KSA	142701515	14/08/2025G	29	
7-	Nahdi Medical Company	KSA	142701516	13/08/2025G	36	
8-	Nahdi Medical Company	KSA	142701518	13/08/2025G	32	
9-	Nahdi Medical Company	KSA	142701519	13/08/2025G	28	
10-	Nahdi Medical Company	KSA	142701520	13/08/2025G	43	
11-	Nahdi Medical Company	KSA	142701521	13/08/2025G	10	
12-	Nahdi Medical Company	KSA	142701522	13/08/2025G	30	
13-	Nahdi Medical Company	KSA	142701523	13/08/2025G	38	
14-	Nahdi Medical Company	KSA	142701524	13/08/2025G	44	
15-	Nahdi Medical Company	KSA	142701525	13/08/2025G	43	
16-	Nahdi Medical Company	KSA	142701526	13/08/2025G	38	

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
17-	Nahdi Medical Company	KSA	1435004431	18/10/2023G	21	
18-	Nahdi Medical Company	KSA	1435004340	18/10/2023G	21	
19-	Nahdi Medical Company	KSA	1435004108	18/10/2023G	37	
20-	Nahdi Medical Company	KSA	1438026469	7/05/2027G	5	
21-	Nahdi Medical Company	KSA	142701530	13/08/2025G	30	
22-	Nahdi Medical Company	KSA	142701532	13/08/2025G	28	
23-	Nahdi Medical Company	KSA	1438026463	7/05/2027G	32	
24-	Nahdi Medical Company	KSA	1439006314	25/08/2027G	29	
25-	Nahdi Medical Company	KSA	1438026446	25 July 2027G	3	
26-	Nahdi Medical Company	KSA	1438024683	17 April 2027G	44	
27-	Nahdi Medical Company	KSA	1438027276	26/05/2027G	35	
28-	Nahdi Medical Company	KSA	1438027273	26/05/2027G	35	
29-	Nahdi Medical Company	KSA	1438027280	26/05/2027G	44	
30-	Nahdi Medical Company	KSA	1436000874	17 July 2024G	5	
31-	Nahdi Medical Company	KSA	1438026470	08/05/2027G	3	

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
32-	Nahdi Medical Company	KSA	1441006269	18 July 2029G	3	Miss Chic
33-	Nahdi Medical Company	KSA	1438026447	7/05/2027G	5	Viora
34-	Nahdi Medical Company	KSA	1439016390	22 December 2027G	5	febella
35-	Nahdi Medical Company	KSA	1438026462	7/05/2027G	8	Velveta فيلفيتا
36-	Nahdi Medical Company	KSA	1438027271	26/05/2027G	35	
37-	Nahdi Medical Company	KSA	1439012519	23 November 2027G	5	pink n blue بنك ن بلو
38-	Nahdi Medical Company	KSA	1438026447	7/05/2027G	5	Viora
39-	Nahdi Medical Company	KSA	142701513	13/08/2025G	44	صيدلية النهدي AL-NAHDI PHARMACY
40-	Nahdi Medical Company	KSA	142701515	13/08/2025G	29	صيدلية النهدي AL-NAHDI PHARMACY
41-	Nahdi Medical Company	KSA	142701527	13/08/2025G	36	Nahdi Medical Company شركة النهدي الطبية
42-	Nahdi Medical Company	KSA	142701528	13/08/2025G	32	Nahdi Medical Company شركة النهدي الطبية
43-	Nahdi Medical Company	KSA	142701529	13/08/2025G	31	Nahdi Medical Company شركة النهدي الطبية
44-	Nahdi Medical Company	KSA	142701531	13/08/2025G	29	Nahdi Medical Company شركة النهدي الطبية

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
45-	Nahdi Medical Company	KSA	142701533	13/08/2025G	5	
46-	Nahdi Medical Company	KSA	142701534	13/08/2025G	3	
47-	Nahdi Medical Company	KSA	43/1406	26/06/2022G	35	
48-	Nahdi Medical Company	KSA	88/1407	19/06/2022G	35	
49-	Nahdi Medical Company	KSA	1435004340	18/10/2023G	21	
50-	Nahdi Medical Company	KSA	1435004431	18/10/2023G	21	
51-	Nahdi Medical Company	KSA	1438026431	7/05/2027G	3	
52-	Nahdi Medical Company	KSA	1441029067	4 April 2030G	5	
53-	Nahdi Medical Company	KSA	1438027281	26/05/2027G	44	
54-	Nahdi Medical Company	KSA	142701535	13/08/2025G	10	
55-	Nahdi Medical Company	KSA	142701517	13/08/2025G	31	
56-	Nahdi Medical Company	KSA	143406429	05 December 2022G	35	

No.	Company	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
57-	Nahdi Medical Company	KSA	95\1525	25 December 2022G	35	
58-	Nahdi Medical Company	KSA	1438026464	7/05/2027G	5	
59-	Nahdi Medical Company	KSA	1438026444	7/05/2027G	3	
60-	Nahdi Medical Company	KSA	1435004446	18/10/2023G	3	
61-	Nahdi Medical Company	KSA	1435004445	18/10/2023G	5	
62-	Nahdi Medical Company	UAE	179625	20 September 2022G	35	

Source: The Company.

12.11.2 Other Intellectual Property Rights:

The Company has registered several internet domains in its name. The following table shows the details of the internet domains registered in the name of the Company:

Table (12-52): Details of the Internet Domain Names:

Internet Domain Name	Expiry Date
www.nahdionline.com	21/02/2022G
www.nahdi.sa	30/12/2022G
www.nahdicareclinics.sa	30/12/2022G

Source: The Company.

12.12 Litigation

As at the date of this Prospectus, the Company is not involved in any litigation, lawsuits, actual or possible complaints, or existing investigations, which would, individually or collectively, have a material effect on the Company, nor is it aware of any threatened or pending material litigation, or any facts which may, individually or collectively, give rise to a material effect on the Company.

As at the date of this Prospectus, the Company is party (as plaintiff and defendant) to a number of non-material lawsuits that arose in its normal course of business. The total value of these non-material lawsuits is estimated at 18,118,276 Saudi Riyals, of which the administrative lawsuits represent an amount of 5,324,328 Saudi Riyals. It should be noted that an administrative lawsuit is filed against a Related Party, and that the Company recently joined the case as a defendant, and was required to pay an amount of 5,293,328 Saudi Riyals pursuant to a preliminary judgement (issued on 25/05/1443H) received thereby; however, the Company and the other defendant objected to said judgment and the appeal is still pending. In all cases, the Company and the other defendant (a Related Party), signed a settlement agreement in 2016G related to the project that led to the administrative dispute, which provided that all obligations related to the project shall be transferred to the Related Party, including all amounts and obligations that may result from the final appeal decision. The other defendant is therefore bound by, and acknowledges, its obligation to pay the amount in full on behalf of the Company.

12.13 Summary of the Bylaws

12.13.1 Company's Name

The Company's name is Nahdi Medical Company (a Saudi closed joint-stock company).

12.13.2 Objectives of the Company

The Company carries out the following activities:

First:	Human health and social work activities
Second:	Construction
Third:	Education
Fourth:	Information and Communication
Fifth:	Real estate activities
Sixth:	Administrative and support services activities
Seventh:	Trade
Eighth:	Public administration, defense and compulsory social security
Ninth:	Water supply, sanitation, waste management and treatment
Tenth:	Other service activities

The Company carries out its activities in accordance with applicable regulations, and after obtaining the necessary licenses from the competent authorities, if any.

12.13.3 Participation and Interest in Companies

The Company may participate in other companies as well as establish companies on its own (limited liability or closed joint-stock), provided that the capital thereof is not less than five million Saudi riyals (SAR 5,000,000). It may own interests and shares in other existing companies or merge therewith and participate with others in establishing joint-stock or limited liability companies, after obtaining all the requirements under the laws and regulations in relation to such. The Company may also dispose of such shares or stocks, provided that this does not include any brokerage.

12.13.4 Duration of the Company

The duration of the Company shall be ninety-nine (99) Gregorian years, commencing as at the date on which the Company is registered at the commercial register as a joint-stock company. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

12.13.5 Head Office of the Company

The Company's head office shall be in the city of Jeddah. The Company may establish branches or offices for the Company within or outside the Kingdom of Saudi Arabia by a Board resolution and after getting the approval of the competent authorities.

12.13.6 Capital of the Company

The capital of the Company is set at one billion three hundred million Saudi Riyals (SAR 1,300,000,000), divided into one hundred and thirty million (130,000,000) shares of equal value, and the nominal value of each share shall be ten (10) Saudi Riyals, all of which shall be deemed ordinary cash shares.

12.13.7 Share Subscription

The Shareholders have subscribed to the full number of capital shares amounting to one hundred and thirty million (130,000,000) shares with a total value of one billion three hundred million (1,300,000,000) Saudi Riyals. The shareholders declare that they have paid up the entire Capital of the Company.

12.13.8 Sale of Non-Paid up Shares

Each Shareholder undertakes to pay the value of the shares on the dates set for such payment. Should a Shareholder fail to pay at the due time, the Board of Directors may, after notification to the Shareholder via email or registered mail, sell the share at public auction or through the stock market, as the case may be, in accordance with controls set by the competent authority.

The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entire fortune of the Shareholder for the unpaid balance.

However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard.

The Company shall cancel the shares sold in accordance with this Article, and issue to the purchaser new shares bearing the serial numbers of the cancelled shares, and make a note to this effect in the Shares Register specifying the name of new holder.

12.13.9 Issuance of Shares

The Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

12.13.10 Share Trading

Shares may be traded after the issuance of the certificates thereof. As an exception, shares subscribed for by the Shareholders may only be traded after publishing the financial statements for two fiscal years, each covering a period of at least 12 months from the date of the Company's conversion. A notation shall be made on the respective share certificates, indicating their class, the date of conversion of the Company, and the period during which their trading shall be suspended. During the lock-up period, shares may, in accordance with the legal provisions for sale of rights, be transferred from one Shareholder to another, from the heirs of a deceased Shareholder to a third party, or in case of seizure of the funds of an insolvent or bankrupt Shareholder, provided that the other Shareholders are given priority to own such shares. The provisions of this Article shall be applicable to what the Shareholders have subscribed to in case of capital increase before the expiry of the lock-up period.

12.13.11 Business Partner

The business partner undertakes to carry out the work entrusted thereto, provided that every profit resulting from such work shall be the Company's right. The business partner shall not practice the same business and activity as the Company, for his own account, as long as he is a business partner. Furthermore, the business partner shall be considered different from his share performance, and the Company shall be deemed dissolved, in his case, if his pharmacy license is revoked or if works provided to the Company are ended.

12.13.12 Shareholders' Register

Company shares shall be traded by virtue of an entry made to the Shareholders' Register maintained or outsourced by the Company, which shall include the Shareholders' names, nationalities, residence addresses, and occupations; the numbers of the shares; and the amounts paid up on such shares. An annotation shall be made on the share indicating said entry. In as far as the Company or third parties are concerned, the transfer of shares shall only be effective from the date of the entry thereof in said register.

12.13.13 Capital Increase

- The Extraordinary General Assembly may decide to increase the Company's capital, provided that the original capital shall have been paid up in full. Said paid up provision shall not apply when the unpaid portion of capital is due to shares issued in exchange for the conversion of financing or debt instruments into shares, and the prescribed period for such conversion has not yet expired.
- In any case, the Extraordinary General Assembly shall allocate capital increase shares or portions thereof to the employees of the Company and to the employees of all or some its affiliates, or either. Shareholders may not exercise preemptive rights upon the Company's issuance of shares allotted to employees.
- Holders of shares at the time of the Extraordinary General Assembly's adoption of a resolution to increase the capital shall have preemptive rights to subscribe for the new shares, in exchange for cash shares. Shareholders shall be notified of their preemptive rights by publication in a daily newspaper or by registered mail stating the adoption of the resolution to increase the capital, the terms of the offering, its duration, its start date and its end date.

- The Extraordinary General Assembly may revoke the preemptive rights of shareholders to subscribe for the capital increase in exchange for cash shares, or vest said preemptive rights in non-shareholders when it deems that doing so is in the Company's best interest.
- Shareholders may sell or assign their preemptive rights in the period that extends from the date upon which the General Assembly resolution is adopted to increase the capital until the last day open for subscription for the new shares associated with those rights, in accordance with the guidelines established by the competent authority.
- Without prejudice to the provisions of the previous paragraph, the Chairman and Vice Chairman of the Board of Directors shall have the powers to represent the Company before third parties and to abide by the implementation of the internal resolutions and Bylaws issued by the Board of Directors and shall have the right to represent, jointly and severally, the Company before third parties.
- New shares shall be allotted to the holders of preemptive rights who have expressed interest to subscribe thereto, in proportion to their preemptive rights resulting from the capital increase; provided that their allotment does not exceed the number of new shares they have applied for. Remaining new shares shall be allotted to preemptive right holders who have asked for more than their proportionate stake, in proportion to their preemptive rights resulting from the capital increase, provided that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription, unless the Extraordinary General Assembly decides, or the Capital Market Law provides, otherwise.

12.13.14 Capital Decrease

The Extraordinary General Assembly may resolve to reduce the Company's capital, if it proves to be in excess of the Company's needs, or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below the limit prescribed under Article 54 of the Companies Law. A capital decrease resolution shall be issued, only after reading the auditor's special report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations.

If the capital reduction is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the area where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

12.13.15 Company's Management

The Company shall be managed by a Board of Directors composed of seven (7) members appointed by the Ordinary General Assembly for a term not exceeding three (3) years. As an exception, the Shareholders have appointed the first board of directors for a period of five (5) years.

12.13.16 Membership Termination

The membership of a Board Member shall expire by the expiration of the Board member's term, or upon the Member's resignation or death, or in the event that the Board Member has become convicted of a crime or subject to interrogation, which may harm the Company's reputation. The membership shall also expire by the expiration of its term in accordance with any law or instructions applicable in the Kingdom. The General Assembly may terminate the membership of any Board Member, without prejudice to the terminated member's right to seek compensation from the Company if the dismissal was not properly justified or occurred at an inappropriate time. The Board member may also tender his resignation, provided that such resignation occurs at an appropriate time; otherwise, said member shall be held liable for any damage affecting the Company as a result of his resignation.

12.13.17 Membership Vacancy

If the position of a Board of Director's member becomes vacant, the Board of Directors may appoint a member in the vacant position temporarily, according to the order in obtaining votes in the assembly that elected the Board, provided that they are experienced and competent. Such appointment shall be notified to the Ministry within five (5) working days from the date of appointment, and shall be submitted to the Ordinary General Assembly at its first meeting. The new member shall complete the term of his predecessor. In case the number of Board members becomes less than the quorum stipulated by the Companies Law or these Bylaws, the Ordinary General Assembly shall be called within sixty days to appoint the required number of members.

12.13.18 Powers of the Board of Directors

Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the Company in order to achieve its objectives, except for such works or actions excluded by a specific text of the Companies Law or the Company's Bylaws as falling within the purview of the General Assembly. The powers of the Board of Directors shall include, but not be limited to, the following:

- Drawing up, preparing and approving the Company's general policies; financial, administrative, technical, labor and supervisory regulations; organizational structure; budgets; balance sheets; and marketing plans. The Board shall also carry out all actions and transactions that achieve the Company's objectives and serve its interests, and shall pursue the implementation thereof.

- Approving the Company's technical and administrative staff; selecting and appointing all workers and employees of all ranks; contracting with lawyers, consultants, accountants and auditors, paying their fees, granting them salaries and benefits, dismissing them, terminating contracts with them, transferring them, terminating their services, and taking any decision in connection therewith.
- Carrying out all legal, regulatory and procedural actions necessary for the smooth running of the Company, and confirming, approving, conducting, concluding, executing, registering and documenting all contracts and agreements and signing thereon in the name of the Company.
- Within the limits of its jurisdiction, the Board of Directors shall have the power to authorise or delegate one or more of its members or third parties to undertake a specific task(s), or authorise or delegate to them some or all of its powers. The Board may revoke said delegation or authorization in part or in full, and may grant such parties the right to delegate others.

12.13.19 Remuneration of Board Members

The remuneration of the Board of Directors shall consist of an attendance allowance and shall comply with these Bylaws and the Companies Law and Regulations thereof. The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all remuneration, allowances, and other benefits received by Board members during the Fiscal Year. Furthermore, it shall contain a statement of payments made to members in their capacity as employees or executives, or in consideration for technical, administrative or consultancy assignments. The report shall also include the number of meetings held, and the number of meetings attended by each member from the date of the last Ordinary Assembly meeting.

12.13.20 Powers of the Chairman, Vice Chairman, Managing Directors and Secretary

- The Board of Directors shall appoint, from amongst its members, a Chairman of the Board. The Chairman shall call the Board to convene a meeting and shall preside over the Board's meetings as well as over the meetings of the Shareholders' General Assemblies. A single member may not concurrently hold the post of Chairman and any other executive position in the Company.
- The Board of Directors may appoint, from amongst its members, a Vice Chairman and a Managing Director.
- The Chairman and Vice Chairman of the Board of Directors shall have the powers to represent the Company before third parties and to abide by the internal resolutions and Bylaws issued by the Board of Directors and shall have the right to represent, jointly and severally, the Company before third parties.
- The remuneration of the Chairman, Vice Chairman, and Board Members shall be as determined by the Company's Ordinary General Assembly and within the limits of the provisions of the Companies Law or in any other complementary regulations, resolutions or instructions.
- The Board of Directors shall appoint a Secretary for the Board, from amongst its members or from others. Such 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. The Secretary's remuneration shall be determined at a later date.
- The term of office of the Chairman of the Board, the Vice Chairman, the Managing Director and the Secretary, who is a Board member, shall not exceed the term of office of each of them as member of the Board, and they may be re-elected. The Board shall have the right, at any time, to dismiss them, or anyone of them, without prejudice to the right to compensation if such dismissal occurs for no lawful cause or at an inconvenient time.

The Chairman of the Board of Directors shall represent the Company before third parties, and shall have, among others, the following powers:

- To preside over the Board meetings and General Assemblies, and to represent the Company before all governmental authorities and third parties be they civil, governmental, natural or legal entities, located inside or outside the Kingdom.
- To represent the Company before the judiciary, governmental and non-governmental entities; delegate third parties and grant them the right to defend, plead and claim on behalf of the Company before government and private entities; delegate others to act on behalf of the Company and deny and object to decisions, orders, and procedures of administrative authorities; delegate others to defend, plead and claim on behalf of the Company before courts, judicial bodies, Board of Grievances, Labor Offices, Labor Supreme and Preliminary Committees, Committees for the Resolution of Securities Disputes, Commercial Papers Committees, all other judicial committees, arbitration tribunals, Civil Rights Department, police stations, Chambers of Commerce and Industry, private bodies, companies, banks, commercial banks, and all government funds and institutions of various names and specializations, as well as financial institutions of all kinds, and other lenders; file claims and lawsuits, defend, plead, litigate, reconcile, acknowledge, waive, request arbitration - accept, deny and object to judgments on behalf of the Company; request the enforcement of judgments before Civil Rights Department and enforcement courts; execute, deliver, sign, receive, object and challenge sukuk and judgments by all means of objection. The Chairman and the delegated parties shall also have the same powers before any judicial, governmental, private, or individual entities and shall provide guarantees, pay fees, receive and pay amounts to and from courts, and they may delegate others to do so.
- To represent the Company, agree and sign on its behalf when establishing other companies with third parties; sign amendment annexes and partners' decisions before a notary public inside and outside the Kingdom; determine the amounts and values of shares or stakes that the Company will acquire in companies; determine the capital increase or decrease therein; decide on the Company's withdrawal from the companies in which it participates; sell, purchase, mortgage, redeem mortgages, assign and dispose of the Company's shares or stakes in other companies

to third parties; convert the entity whether into a joint stock company, a limited liability company, or any other legal form; sign the articles of association of these companies and the amendments thereto, including any documents, contracts of purchase, sale, mortgage redemption, assignment or disposal of shares or stakes, general assembly meeting minutes, permits, requests, notices, powers of attorney or proxies, resolutions, lease contracts or any other papers deemed necessary, required or appropriate to carry out the abovementioned actions; and sign such papers and the amendments and annexes thereto before a notary public or any other government entity. The Chairman of the Board of Directors may delegate some of these powers to third parties.

- To take all legal, regulatory and procedural actions necessary for the smooth running of the Company; and agree, approve, conduct, conclude, execute, register and document all contracts and agreements and sign them in the name of the Company. Such contracts shall include all contracts related to public and private contracting, distribution; commercial agencies, franchise, usufruct, procurement, supply as well as all contracts of sale, purchase, conveyance, rent, lease, services, insurance, and instalments of all the Company's movable and immovable funds, including lands, real estates, factories, buildings, equipment, machinery, Company's assets, shares, stakes, borrowing, mortgage and redemption of mortgage. Moreover, the Chairman of the Board of Directors shall have the power to provide all necessary guarantees for such actions; reconcile, settle, release, receive, exchange, deliver and sign before all governmental and non-governmental entities, notaries and the like authoritative entities located inside and outside the Kingdom of Saudi Arabia. He is also entitled to enter into competitions, tenders, public and private purchases; purchase the documents thereof; submit bids; compete; accept, reject, or cancel awards; sign contracts thereof; and open envelopes.
- To represent the Company before all banks, funds, (governmental or non-governmental) financial and banking entities, financial markets inside and outside the Kingdom, including, but not limited to: the Saudi Central Bank, the Saudi Industrial Development Fund (SIDF), the Capital Market Authority, and all local and international banks. Such right is granted to the Chairman without any limitations or restrictions in terms of taking and terminating all actions and procedures, including: accounts and trust funds; the right to carry out all banking operations in any currency; open, activate, close and mortgage account balances in local and foreign banks; deposit in and withdraw from such balances; approve the signature; apply for and obtain ATM cards; receive and enter passcode thereof; apply for and obtain credit cards; receive and enter passcode thereof; request and receive account statements; make, request, issue, receive, and object to transfers and checks; request for and obtain check books; receive bounced checks; carry out clearance procedure; update data; participate in trust funds; renew membership in trust funds; recover units in trust funds; apply for loans and credit facilities whose terms exceed three years (after getting approval from the Board of Directors) before banks, financial institutions, and various governmental or non-governmental entities; accept the terms, conditions, and prices of said loans and facilities; sign contracts, forms, vadiums and payment schedules, receipt, disposal and guarantees thereof; issue financial and bank letters of guarantee, guarantees of loans and facilities obtained by any of the Company's subsidiaries or in which said subsidiaries participate; sign sponsorships and documentary credits; open, accept, cancel and close documentary credits; withdraw therefrom; issue, accept, sponsor, guarantee and deal with all types of commercial papers (including checks, bills of exchange and order notes) - securities and investment portfolios; issue, conclude, withdraw, cancel, terminate, assign, renew, receive, accept, purchase, sell, mortgage and deal with all types of securities and the endorsement thereof inside and outside the Kingdom, including shares, bonds, sukuk and Sharia-compliant stocks. Furthermore, the Chairman of the Board of Directors is entitled to open investment accounts before securities firms; manage such accounts; sign agreements related thereto; open investment portfolios with discretionary and non-discretionary management of various asset classes; sign all documents related thereto; authorize securities firms to manage investment portfolios, sign all documents related thereto, execute orders of sale, purchase, transfer and mortgage of such portfolios. The Chairman has also the right to sign treasury management agreements; deal with said treasury; prepare all documents related to all transactions and operations of the bank's treasury products including but not limited to: financial market operations, foreign currency market operations (spot / forward exchange) and the derivatives and compound products thereof; sign a dealing agreement with authorized persons (financial companies); subscribe to investment funds of all kinds; recover units in trust funds; transfer units; withdraw the redemption amount; open investment portfolios and transfer therefrom; sign all documents and contracts necessary for therefor; and sign all types of agreements and documents related to with financial companies.
- To claim, collect and receive all amounts due to the Company; receive insurance proceeds and payments for the Company regardless of the amounts thereof; discharge the Company's debtors from their obligations, debts or cash amounts owed to the Company and give clearances thereof; register trademarks, patents, industry fees, and all costs related to intellectual property rights, the registration, cancellation and assignment of commercial agencies and franchises; grant licenses for the use of such agencies and franchises; object to the registration thereof; and request and receive indemnities.
- To check with the Registers Department to renew and transfer commercial registers - book trade names - arrange membership at the Chamber of Commerce - renew membership at the Chamber of Commerce - sign all documents at the Chamber of Commerce - manage registers - manage the commercial activities - approve signature at the Chamber of Commerce - supervise registers - amend registers - add activity - open branches for the commercial registers - cancel and write off the registers - and convert the Company branches into independent companies, be they limited liability, joint-stock or any other legal entity. The Chairman has also the right to open stores, apply for and obtain licenses - renew licenses - cancel licenses - transfer licenses - apply for and obtain Building, Demolition and Renovation Permits - obtain croquis - apply for and obtain Building Completion Certificates - plan lands - apply for and obtain Health Cards - convert agricultural lands into residential/commercial lands - deliver and receive all official documents and papers - obtain a replacement thereof in lieu of lost or damaged ones - add the total area and borders to lands, real estate, buildings and factories - amend and restore sukuks - merge, divide, give releases, and apply to annotate the sukuks; and request cadastral statements.

- To sell and transfer to the buyer and collect the price - purchase, accept transfers, and pay the price - give gifts and convey the same - accept gifts and convey the same - mortgage and redeem mortgages, consolidate sukuk, partition and subdivide - take possession of deeds, update and input the same into the comprehensive system - assign deficiencies in areas and add the excess in thereof - request deeds of ownership (Istihkam) and prepare all documents related thereto - request the implementation of Article 231 of the Law of Proceedings before Sharia Courts - convert agricultural land into residential/commercial lands - amend the owner's name and civil registration number - amend boundaries, lengths, areas, number of plots of land, number of plans, sukuk, dates thereof, names of districts - apply for and obtain sukuk in lieu of damaged or lost ones - lease - sign lease contracts - renew lease contracts - receive the rental for real estate located inside and outside the Kingdom - sell and convey to heirs. Moreover, the Chairman may conclude any agreement with regard to ownership transfer where he is entitled to sell (in cash or in instalments), accept transfers, mortgage and redeem mortgages for real estate, factories or buildings owned by the Company. He has the right to make, receive and deliver the prices thereof; receive the rental; receive sukuk; and request the amendment and the annotation thereof.
- To contact and represent the Company before all ministries, entities, institutions, government bodies and their affiliated departments and divisions, including the Royal Court, the Emirates, the Presidency of the Council of Ministers, the Ministry of Justice, the Ministry of Interior, the Ministry of Education, the Ministry of Commerce, the Ministry of Investment, the Ministry of Finance, the Ministry of Municipal and Rural Affairs and Housing (MoMRA), the Ministry of Communication and Information Technology (MCIT), the Ministry of Defense, the Ministry of Environment, Water and Agriculture (MEWA), the Ministry of Human Resources and Social Development (MHRSD), the Ministry of Health, the Ministry of Culture, the Ministry of Media, the Ministry of Islamic Affairs, Dawah and Guidance, the General Authority of Awqaf, the Ministry of Energy, the Ministry of Industry and Mineral Resources, the Ministry of Transport, the Ministry of Hajj and Umrah, the Ministry of Economy and Planning (MEP), the Capital Market Authority, the Saudi Standards, Metrology and Quality Organization (SASO), the Saudi Authority for Industrial Cities and Technology Zones (Modon), the Communications and Information Technology Commission (CITC), the Royal Commission for Jubail and Yanbu (RCJY), the Oversight and Anti-Corruption Authority, the Saudi Ports Authority, the Saudi Commission for Health Specialties, the Saudi Food & Drug Authority (SFDA), the Mortgage Unified Register, the Ministry of Tourism, the Saudi Human Rights Commission, the Saudi Wildlife Authority, the General Authority for Civil Aviation (GACA), the Royal Commission for Riyadh City (RCRC), the Makkah Region Development Authority, the Northern Squares Development Committee, the Royal Commission for Makkah City and Holy Sites, Almadinah Almunawarah Development Authority, the Ministry of Sport, the General Authority of Meteorology and Environmental Protection, the General Authority for Zakat and Income and the submission of Zakat declarations or tax, financial statements, receipt of Zakat certificates and objection thereto, the General Presidency of Promotion of Virtue and Prevention of Vice, the Saudi Central Bank, the Technical and Vocational Training Corporation (TVTC), the Saudi Railways Organization (SRO), the Saline Water Conversion Corporation (SWCC), the General Organization for Social Insurance (GOSI), King Abdulaziz City for Science and Technology, the General Presidency of the Grand Mosque and the Prophet's Mosque, the General Presidency of Islamic Research and Ifta, the Public Security, police stations, the General Directorate of Civil Defense, the Public Prosecution, the General Directorate of Investigation, the Oversight and Anti-Corruption Authority, the Presidency of State Security. The Chairman shall be entitled to obtain and amend any licenses as well as any permits required for the Company to manage its affairs. He may also cancel and transfer licenses, apply for and obtain documents and papers in lieu of lost or damaged ones from courts, notaries, or the like authoritative entities, including all governmental and non-governmental entities inside and outside the Kingdom of Saudi Arabia.
- To file cases, plead, defend, hear and respond thereto; acknowledge, settle, deny, accept settlements, assign, release; request, reject and refuse oath taking; present witnesses and evidence and challenge the same; reply, impeach, amend; challenge forgery or any other appeal; reject documents, seals and signature; request and lift travel bans; request foreclosure and enforcement; request arbitration; appoint experts and arbitrators; accept and challenge the reports of experts and arbitrators, dismiss and replace such experts and arbitrators; request the implementation of Article 231 of the Law of Proceedings before Sharia Courts and any other Article of said Law or any other Law in force inside and outside the Kingdom; request the enforcement of judgments; accept and reject judgments; object to and appeal judgments; seek reconsideration; request annotation on judgment sukuk; request pre-emption; take all actions necessary to attend hearings before all courts; receive amounts and judgment instruments; apply for replacements in lieu of lost or damaged documents; request referral of cases; request excluding judges; request inclusion and interference; request precautionary seizure; take all legal measures to implement the judgments issued in the interest of the Company; claim the Company's rights against third parties before the general courts, the criminal courts, the Board of Grievances (administrative courts), the Commercial, Traffic and Labor courts, the Supreme Judiciary Board, the Supreme Court, the Supreme Administrative Court, Labor Committees, the Financial Disputes Settlement Committees, the Banking Disputes Settlement Committees, the Committees for the Resolution of Securities Disputes/Conflicts, the Committee for Banking Disputes and Violations, the Customs Committees, the Commercial Fraud Committees, the Committees for the Settlement of Insurance Disputes and Violations, the Control and Investigation Authority, the Public Prosecution, the Committee for the Settlement of Commercial Disputes (CSCD), the Legitimate Health Authorities, and before all competent committees and entities in all names and ranks; request arbitration before arbitration tribunals located inside and outside the Kingdom; appoint, dismiss and replace arbitrators; accept and object to arbitration awards; appoint experts and object against them; accept and object against experts' reports; apply for and obtain sukuk that prove the endowment, gift, purchase or sale of buildings; apply for and obtain sukuk grating the Chairman the right to buy, sell, invest, divide, merge, build, mortgage, or redeem mortgages of an (endowed or non-endowed) real estate. Within the limits of the powers granted to the Chairman, he may delegate all or some of this above-mentioned powers to third parties, and may cancel and terminate said delegations or proxies. The Chairman may also grant Proxy Holders or Delegatees the right to delegate third parties. The Vice Chairman shall replace and assume the powers and duties of the Chairman when the latter is absent. Such powers and duties shall be entrusted by the Chairman to the Vice Chairman in writing.

12.13.21 Meetings of the Board of Directors

The Board of Directors shall meet twice a year, upon an invitation from the Chairman, which shall be made in writing with an attached agenda. The invite shall be delivered through registered mail, by hand, facsimile, or e-mail, at least two weeks prior to the specified meeting date. The Chairman shall call the Board to convene a meeting whenever two members request so.

12.13.22 Meeting Quorum and Resolutions

A Board meeting shall be quorate only if attended by at least (5) five of its members. Should a Board Member delegate another Board Member to attend the Board Meetings on his behalf, such delegation shall be in accordance with the following controls:

A member of the Board of Directors may not act on behalf of more than one Board member during the same meeting.

A proxy shall be made in writing indicating a specific meeting.

A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting.

Board resolutions shall be adopted by a majority vote of members present or represented therein, with the meeting chairperson casting the deciding vote in case of a tie. Resolutions may also be taken by passing in the same percentage hereinabove determined.

12.13.23 Board Deliberations

The deliberations and resolutions of the Board of Directors shall be recorded in minutes to be signed by the Chairman of the Board, the attending Board Members, and the Board Secretary. Said minutes shall be entered into a special register to be signed by both the Chairman of the Board of Directors and the Secretary.

12.13.24 Shareholder Assemblies

12.13.24.1 Assembly Attendance

Subscribers, regardless of the number of shares held thereby, shall have the right to attend the Conversion Assembly, and each shareholder shall have the right to attend General Assembly meetings. They may also authorize a third party, other than Board members or Company employees, to attend the General Assembly on his behalf.

12.13.24.2 Conversion Assembly

The Shareholders shall call all subscribers to convene a Conversion Assembly within (45) forty-five days from the date of the Ministry’s decision to approve the conversion. The meeting shall be valid if attended by a number of subscribers representing at least half of the capital. In the absence of a quorum, a second meeting shall be held one hour after the end of the time set for the first meeting, with the invitation to the first meeting including said stipulation. In all cases, the second meeting shall be valid regardless of the number of subscribers represented thereat.

12.13.25 Responsibilities of the Conversion Assembly

The Conversion General Assembly shall be competent to deal with the matters set out under Article 63 of the Companies Law.

12.13.26 Responsibilities of the Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all Company matters. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company’s fiscal year. Additional Ordinary General Assembly meetings may be convened, whenever needed.

12.13.27 Responsibilities of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Bylaws, except for such provisions as may be impermissible to be amended under the law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly, under the same rules and conditions applicable thereto.

12.13.28 Convening Assemblies

General or Special Shareholder Assemblies shall be convened by the Board of Directors. The Board of Directors shall convene an Ordinary General Assembly, if requested to do so by the auditor, the Audit Committee, or a number of shareholders representing at least five percent (5%) of the Company's capital. The auditor may call for an assembly to be convened, when the Board does not call for such a meeting within thirty (30) days of the auditor's request to do so.

The summons shall be published in a daily newspaper circulated in the area where the Company's head office is located, at least twenty one (21) days prior to the time set for such meeting. However, notice may be given to all shareholders via registered letters within the timeframe set above. A copy of the notice and the agenda shall be sent to the Ministry, within the period set for publication.

12.13.29 Record of Attendance

Shareholders who wish to attend General or Special Shareholder Assembly meetings shall register their names at the Company's head office before the time specified for the Assembly.

12.13.30 Quorum for Ordinary General Assemblies

Ordinary General Assembly meetings shall be quorate, only if attended by shareholders representing at least one-quarter of the Company's capital, whether in person or by proxy. If such quorum is not reached, then an invitation shall be sent for a second meeting to be held after 30 days from the date set for the first meeting. Such invitation shall be published in the manner prescribed in Article 30 of the Bylaws. The second meeting shall be deemed valid, irrespective of the number of shares represented thereat.

12.13.31 Quorum for Extraordinary General Assembly Meeting

Extraordinary General Assembly meetings shall be quorate, only if attended by shareholders representing at least one-half of the Company's capital. In the absence of a quorum at the first meeting, the Shareholders will be invited for a second meeting to be held under the same conditions set forth in Article 30 of the Bylaws.

The second meeting shall be deemed valid, irrespective of the number of shares represented thereat.

12.13.32 Voting at the Assemblies

Each subscriber shall have one vote for each share he represents at the Conversion Assembly; and each shareholder shall have one vote for each share he represents at General Assembly meetings. Cumulative voting shall be employed in the election of the Board of Directors.

12.13.33 Assembly Resolutions

Resolutions of the Conversion Assembly shall be adopted by an absolute majority of the shares represented thereat. The Ordinary General Assembly resolutions shall be issued by an absolute majority of the shares represented at the meeting. On the other hand, the Extraordinary General Assembly resolutions shall be issued by a majority of two-thirds of the shares represented at the meeting, unless the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified thereof in these Bylaws or merging the Company with another company; in which case, such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

12.13.34 Deliberations of the Assembly

Each shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the auditor. The Board or the auditor shall answer the shareholder's questions, to the extent that is not detrimental to the Company's interests. If the shareholder deems the answer to the question unsatisfactory, then he may refer the issue to the General Assembly and the latter's decision in this regard shall be binding.

12.13.35 Presiding over General Assemblies and the Keeping of Minutes

The General Assembly of shareholders shall be presided over by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or, in their absence, the Board designated member. Meeting minutes shall be drafted indicating the number of attending or represented shareholders, the number of shares represented in person or by proxy, the number of votes associated therewith, the resolutions passed, the number of votes in favor and against, as well as a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary, and the Canvasser.

12.13.36 Audit Committee

12.13.36.1 Formation of the Committee

An audit committee shall be formed pursuant to a resolution passed by the Ordinary General Assembly and shall consist of three (3) members, other than the Executive Directors, whether from the shareholders or others. The resolution shall specify the Committee's responsibilities, the rules governing its activities, and the remuneration of its members.

12.13.36.2 Committee Quorum

Committee meetings shall be quorate if attended by the majority of its members. Its resolutions shall be adopted by a majority vote of attending members; ties shall be decided by the vote of the Committee Chairman.

12.13.37 Audit Committee Responsibilities

The Audit Committee shall be responsible for overseeing the Company's business, and, towards that end, shall have access to Company records and documents. It shall also be entitled to request clarifications or statements from Board members or executive directors, and to request that the Board of Directors calls for the convening of the Company's General Assembly, if the Board hinders the performance of the Committee's duties, or when the Company suffers material damages or losses.

12.13.38 Audit Committee Reports

The Audit Committee shall be responsible for reviewing the Company's financial statements, as well as the reports and notes submitted by the auditor, and provide an opinion in their regard, if any. It shall also draft an opinion concerning the adequacy of the Company's internal oversight control systems, and submit reports relating to other duties that fall within its purview. The Board of Directors shall ensure that a sufficient number of copies of said report be made available at the Company's head office at least twenty one (21) days prior to the General Assembly meeting date, in order to provide desirous shareholders with a copy thereof. Said report shall be read during the Assembly meeting.

12.13.39 Auditor

12.13.39.1 Appointment of the Auditor

The Company shall have one (or more) auditors to be selected from among those licensed to work in the Kingdom of Saudi Arabia. Such auditor shall be appointed annually and his compensation and term of office shall be fixed by the Ordinary General Assembly. The General Assembly may, at any time, replace said auditor without prejudice to the latter's right for compensation, if the replacement decision were unlawful or occurred at an inappropriate time.

12.13.40 Responsibilities of the Auditor

The auditor shall, at all times, have access to the Company's books, records and any other documents. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities and other matters that may pertain to the scope of its activities. The Chairman of the Board of Directors shall enable the auditor to perform its duties; and when the auditor encounters difficulties in that regard, the latter shall document the same in a report to be submitted to the Board of Directors. Failure of the Board to facilitate the work of the auditor shall result in the latter requesting that the Board calls for a meeting of the Ordinary General Assembly to examine the matter.

12.13.41 Company Accounts and Distribution of Profits

12.13.41.1 Fiscal Year

The Company's Fiscal Year shall commence as on the 1st of January and expire on the 31st of December of each Gregorian year. However, the first Fiscal Year as a closed joint stock company shall begin from the date of the Company's registration in the Commercial Register and end on 31 December of the current year.

12.13.42 Financial Documents

- At the end of each Fiscal Year, the Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended Fiscal Year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the auditor at least forty-five (45) days prior to the date set for convening the General Assembly.
- The Chairman of the Board, CEO and CFO shall sign the documents referred to in Paragraph (1) of this Article. A copy thereof shall be placed at the Company's head office at the disposal of Shareholders at least twenty one (21) days prior to the date set for the General Assembly meeting.

- The Chairman shall provide Shareholders with the Company's financial statements, Board of Directors' report and auditor's report unless they are published in a daily newspaper distributed at the Company's head office. The Chairman shall also send a copy thereof to the Ministry at least fifteen (15) days prior to the date set for the Ordinary General Assembly meeting.

12.13.43 Distribution of Profits

The Company's annual net profits shall be allocated as follows:

- Ten percent (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals thirty percent (30%) of the Company's capital.
- The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside 10% of the net profits to form a contractual reserve to be allocated to (a) specific purpose(s).
- The Ordinary General Assembly may decide to form other reserves to the extent that achieves the interests of the Company or guarantees steady distribution of profits to shareholders. Said Assembly may also deduct certain amounts from the net profits to set up social institutions for the Company's employees or to support any existing institutions.
- From the remainder, 5% of the paid-up capital shall be distributed to the shareholders of the Company.
- Unless the holders of cash Shares decide to form other reserves, or carry forward the balance of profits, in whole or in part, to the following fiscal year, the remainder shall be distributed at a ratio equivalent to 99.98% to the holders of cash Shares, in proportion to their respective participation in the Company's capital, and 0.02% to the business partner. As an exception to the foregoing, the business partner's right shall be limited to profits resulting from the activity of pharmacies only, and it shall not have any rights in profits resulting from any other activities. Dividends shall be the exclusive right of the holders of cash Shares, in proportion to their respective participation in the Company's capital.
- In the event of losses, they shall be borne by the holders of cash Shares, equally between them, at the rate of 99.98% and by the business partner at the rate of 0.02%, or they may be carried forward to the next fiscal year, in which case no profits shall be distributed until after that loss is covered. As an exception to the foregoing, the business partner shall not bear any losses resulting from activities not related to that of pharmacies, and such losses shall be borne by the holders of cash Shares fully and equally between them.
- The Company may distribute interim dividends to its shareholders.

12.13.44 Entitlement to Profits

Shareholders shall be eligible to receive dividends pursuant to a General Assembly resolution adopted in that regard and indicating the entitlement and distribution dates. Shareholders eligible to receive dividends shall be those whose names appear on Shareholder Registers at the end of the entitlement date.

12.13.45 Company Losses

- If, at any time during the fiscal year, the Company's losses total half of its paid-up capital, then any Company official or auditor, upon becoming aware thereof, must inform the Chairman of the Board of Directors, who shall immediately inform the members of the Board, which, within fifteen (15) days of being informed thereof, shall call for an Extraordinary General Assembly meeting to be convened within forty five (45) days of being informed of the losses, to consider whether to increase or decrease the Company's capital, in accordance with the provisions of the Companies Law, in order to render losses equal to less than half of the paid-up capital, or dissolve the Company prior to the end of its term, as defined in the Companies Law.
- The Company shall be deemed dissolved under the Companies Law, when its General Assembly does not convene within the period specified in Paragraph 1 of this Article; or if it does convene, but fails to reach a decision in that regard; or when it resolves to increase the capital as per the conditions set forth in this article, but the capital increase is not subscribed to in full within ninety (90) days of the Assembly's resolution to increase the capital.

12.13.46 Disputes

12.13.46.1 Liability Action

Each shareholder shall have the right to file a liability action, vested in the Company, against members of the Board who have committed a mistake that caused said shareholder to suffer damages. Such liability action may only be filed by the shareholder if the Company's right to file such action remains valid. The shareholder shall notify the Company of his intention to file such action.

12.13.47 Dissolution and Liquidation of the Company

12.13.47.1 Expiry of the Company

Upon its expiry, the Company shall enter liquidation and retain its legal personality to the extent necessary for liquidation. The Extraordinary General Assembly shall adopt a resolution to voluntarily liquidate the Company, with said resolution appointing a liquidator, and defining the latter's powers, fees, and restrictions imposed on said powers, as well as the timeframe to conclude liquidation, which, in cases of voluntary liquidation must not exceed five (5) years and cannot be extended except by court order. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the Management of the Company and take on the capacity of liquidator, until the latter is appointed. During liquidation, shareholder assemblies shall retain such responsibilities vested in them that do not conflict with those of the liquidator.

12.13.48 Final Provisions

12.13.48.1 Companies Law

The Companies Law and its regulations shall apply to all matters not provided for in these Bylaws

12.13.48.2 Publication

These Bylaws shall be filed and published in accordance with the provisions of the Companies Law and its regulations.

12.14 Description of Shares

12.14.1 Capital of the Company

The nominal capital of the Company shall be one billion three hundred million Saudi Riyals (SAR 1,300,000,000) divided into one hundred and thirty million (130,000,000) Ordinary Shares of equal value with a nominal value of SAR 10 per share. All shares shall be deemed as Ordinary Shares.

12.14.2 Shares

Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

12.14.3 Rights of the Holders of Ordinary Shares

Pursuant to Article 110 of the Companies Law, shares confer on the shareholder all the rights attached to the shares, which include in particular the right to receive a share in the profits declared for distribution; the right to a share in the Company's assets upon liquidation; the right to attend general assemblies and participate in the deliberations; voting on the resolutions proposed at such meetings; the right to dispose of shares; the right to have an access to the Company's records and documents; the right to supervise acts of the Board of Directors; the right to institute proceedings against Board members; and the right to contest the validity of the resolutions adopted at General Assemblies, in accordance with the conditions and restrictions specified in the Companies Law or in the Company's Bylaws.

Each Shareholder shall have the right to discuss the subjects listed in the General Assembly's agenda and to direct questions in respect thereof to the Board of Directors and the Auditor. The Board or Auditor shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a Shareholder deems the answer to the question unsatisfactory, then he may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

12.14.4 General Assemblies

The duly convened Shareholders' General Assemblies shall represent all the Shareholders, and shall be held in the city where the Company's head office is located.

Except for matters falling within the jurisdiction of an Extraordinary General Assembly, an Ordinary General Assembly shall be competent to deal with all other matters related to the Company and shall be convened at least once a year during the first six (6) months following the end of the Company's fiscal year. Other Ordinary General Assembly meetings may be called where necessary.

An Extraordinary General Assembly of Shareholders shall be competent to amend the provisions of the Company's Bylaws, within the scope permitted by law. Furthermore, an Extraordinary General Assembly shall be empowered to adopt resolutions in matters within the jurisdiction of the Ordinary General Assembly under the same conditions and manners as prescribed for the latter.

The invitation to the Ordinary General Assembly should be published in a daily newspaper distributed in the Company's headquarters at least twenty-one (21) days prior to the meeting date. A copy of the invitation and agenda shall be sent to the Ministry of Commerce within the period specified for publication. A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least 25% of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be called to be held one hour after the end of the period specified for the first meeting. The invitation to the first meeting shall stipulate the possibility of holding such meeting or a second one within thirty days (30) after the first meeting. The notice shall be sent in the manner prescribed for the first meeting. The second meeting shall be deemed valid irrespective of the number of Shares represented therein. The meeting of Extraordinary General Assembly shall be valid only if attended by a number of Shareholders representing at least half of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting of the Extraordinary General Assembly shall be called to be held one hour after the end of the period specified for the first meeting, and the invitation shall maintain the possibility of holding such meeting or another one within the following thirty (30) days. The second meeting shall be valid if it is attended by Shareholders representing at least (25%) of the Company's share capital. If this quorum is not attained at the second meeting, notice shall be sent for a third meeting to be held. The third meeting shall be valid regardless of the number of Shares represented therein and is contingent upon the competent authority's approval. General Assembly meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman of the Board of Directors. Minutes shall be written for the meeting which shall include the number of attending or represented Shareholders, the number of Shares held by each, the number of votes attached to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions, and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary and the canvasser.

12.14.5 Voting Rights

Each Subscriber, regardless of the number of his Shares, shall have one vote per share represented thereby in the Conversion Assembly and the General Assemblies of the Shareholders. A Shareholder may appoint another person who is not a member of the Board of Directors or a company employee to attend the General Assembly on his behalf. Each Subscriber shall have one vote per Share represented thereby at the Conversion Assembly, and each Shareholder shall have a vote for each Share at the General Assemblies. Cumulative voting shall be used in the elections of the Board of Directors. Votes at the meetings of the General Assembly shall be counted on the basis of one vote per Share represented at the meeting. Resolutions of the General Assembly shall be passed if supported by a majority of the Shares represented at the meeting.

12.14.6 Dissolution and Liquidation of the Company

Upon the expiry of the Company's term, or if it is dissolved prior to the term set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of the liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for managing the Company until the liquidator is appointed. The Company's administrative departments shall maintain their powers to the extent that they do not conflict with the powers of the liquidators.

12.14.7 Change of Shareholders' Rights

The rights of the Shareholders to receive a share in the Company's profits declared for distribution, receive a share in the Company's asset surplus upon liquidation, attend General Assembly meetings, participate in the deliberations and vote on its resolutions, dispose of the Shares, access the Company's books and documents, supervise the acts of the Board of Directors, bring a liability claim against the Board members and contest the validity of the resolutions adopted at General Assembly meetings (in accordance with the conditions and restrictions set out in the Companies Law and the Bylaws) shall be granted pursuant to the Companies Law. Accordingly, they may not be changed.

13- UNDERWRITING

13.1 Underwriters

The Company, the Selling Shareholders and the Underwriters have entered into an Underwriting Agreement dated [•]H, corresponding to [•]G (the "**Underwriting Agreement**") pursuant to which the Underwriters have agreed, subject to certain conditions contained in the Underwriting Agreement, to fully underwrite the Offering of thirty nine million (39,000,000) Ordinary Shares. The name and address of the Underwriters are set out below:

Underwriters
SNB Capital SNB regional building King Saud Road P.O. Box 22216 Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 92 000 0232 Fax: +966 11 406 0052 Website: www.alahlicapital.com Email: snbc.cm@alahlicapital.com
HSBC Saudi Arabia HSBC Building 7267 Olaya Street, Al-Murooj Riyadh 2255 - 12283 Saudi Arabia Website: www.hsbcsaudi.com Email: NahdiIPO@hsbcsa.com

The agreed principal terms of the Underwriting Agreement are set out below:

13.2 Summary of the Underwriting Agreement

- The Selling Shareholders undertake to the Underwriters that, on the first Business Day after the allocation of the Offer Shares following the end of the Offering Period, that they shall:
  - Sell and allocate the Offer Shares to Participating Parties or Individual Investors whose applications for Offer Shares have been accepted by the Receiving Agents.
  - Sell and allocate to the Underwriters the Offer Shares that are not purchased by Participating Parties or Individual Investors pursuant to the Offering.
- The Underwriters undertake to the Company and the Selling Shareholders that they will purchase any Offer Shares that are not subscribed for by Participating Parties or Individual Investors, as stated below:

Table (13-1): Underwritten Shares

Underwriter	No. of Offer Shares Underwritten	Percentage of Offer Shares Underwritten
SNB Capital	24,714,286	63.37%
HSBC Saudi Arabia	14,285,714	36.63%
Total	**39,000,000**	**100.00%**

The Company and the Selling Shareholders undertake to observe all the terms and conditions of the Underwriting Agreement.

14- UNDERWRITING COSTS

The Selling Shareholders will pay to the Underwriters, on a pro-rata basis to the number of Offer Shares sold, an underwriting fee based on the total value of the Offering and pay the Underwriters' costs and expenses in connection with the Offering on behalf of the Company, as per the relevant contract.

15- EXPENSES

The Selling Shareholders shall bear all costs associated with the Offer, which are estimated at approximately eighty million (SAR 80,000,000) Saudi Riyals. This figure includes the fees of each of the Financial Advisors, Lead Manager, Bookrunners, Underwriters, Legal Advisor, Auditors, Receiving Agents, Market Consultant, in addition to marketing, printing and distribution expenses and other related expenses. The expenses will be deducted from the proceeds of the Offering, with the Company not bearing any costs associated with the Offering.

16- COMPANY'S POST-LISTING UNDERTAKINGS

Post-Offering, the Company undertakes to:

- Fill out form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Inform the Capital Market Authority at the date of the first post-listing General Assembly meeting, so that representatives thereof may attend said meeting.
- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Comply with the provisions of the Listing Rules regarding the Company's ongoing obligations immediately after listing.
- Call to convene a General Assembly to update the Company's Bylaws immediately after the listing.
- Submit to the General Assembly for approval, all works and contracts in which any Director has a direct or indirect interest (in accordance with the Companies Law and the Corporate Governance Regulations); provided that the Director with such interest shall be prohibited from participating in voting on decisions issued in this regard by the Board of Directors and General Assembly.

Accordingly, once listing is approved, Directors undertake to:

- Record all resolutions and deliberations in written meeting minutes signed by the Board Chairman and Secretary.
- Disclose the details pertaining to any Related Party transactions in accordance with the Companies Law and Corporate Governance Regulations.

17- WAIVERS

The Company has not applied to the CMA in order to obtain any waivers from any legal requirements.

18- SUBSCRIPTION TERMS AND CONDITIONS

The Company has made an application to the CMA for the registration and offer of the Offer Shares and an application for listing of the Shares on the Exchange in accordance with the OSCOs.

All Subscribers must carefully read the Subscription Terms and Conditions before completing their Subscription Application Form. Execution and submission of a Subscription Application Form to any of the Receiving Agents is deemed as an acceptance and approval of the Subscription Terms and Conditions.

18.1 Subscription to Offer Shares

The Offering will consist of thirty-nine million (39,000,000) Shares with a fully paid nominal value of SAR 10 per Share, at an Offer Price of SAR [•] per Share. The Offer Shares represent 30.0% of the Company's issued capital with the total value of the Offering amounting to SAR [•]. Note that the Offering to Individual Investors and listing of the Shares thereafter is subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed for during this period. The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following two groups of investors:

Tranche (A): Participating Parties:

This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions. The number of Offer Shares to be initially allocated to Participating Parties is thirty nine million (39,000,000) Ordinary Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, then the Lead Manager has the right to reduce the number of Shares initially allocated to Participating Parties to thirty five million one hundred thousand (35,100,000) Ordinary Shares, representing 90% of the total Offer Shares. The number and percentage of Offer Shares to be allocated to Participating Parties shall be determined as deemed fit by the Financial Advisors, in coordination with the Company and the Selling Shareholders.

Tranche (B): Individual Investors:

This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account with a Receiving Agents and having the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. Three million nine hundred thousand (3,900,000) Ordinary Shares representing 10% of the Offer Shares shall be allocated to Individual Investors. In the event that Individual Investors do not subscribe in full for the Offer Shares allocated thereto, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for by them.

18.2 Book-building and Subscription by Participating Parties

a- The number and percentage of Offer Shares to be allocated to Participating Parties shall be determined as deemed fit by the Financial Advisors, in coordination with the Company and the Selling Shareholders, using the voluntary share allocation method. The Company and the Financial Advisors may decide to not allocate any Offer Shares to certain Participating Parties.

b- Participating Parties must submit requests to participate in the book-building process by filling out Bid/Subscription Orders. Participating Parties may amend or cancel their bids at any time during the Book-Building Period, provided that said bids are amended by submitting a modified bid form or an appendix Bid Form (where applicable) before the Offer price determination process that will take place before the Offering Period begins. The number of Offer Shares for each of the Participating Parties shall not be less than fifty thousand (50,000) Shares, and no more than six million four hundred and ninety-nine thousand nine hundred and ninety-nine (6,499,999) Shares, and in relation to public funds only, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions, and the number of requested shares must be allocatable. The Lead Manager shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscription by Participating Parties must begin during the Offering Period, which also includes Individual Investors, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Applications Forms.

c- Once the bookbuilding process for Participating Parties is completed, the Bookrunners shall announce the subscription percentage by Participating Parties.

d- The Bookrunners and the Company shall have the authority to determine the Offer Price as dictated by supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement, and that the subscription price be aligned with the price change units applied by Tadawul.

18.3 Subscription by Individual Investors

Each Individual Investor must submit an Application Form and must subscribe in multiples of 10 (with a minimum subscription of ten (10) Offer Shares and a maximum subscription of two hundred and fifty thousand (250,000) Offer Shares for Individual Investors). Changes to or withdrawal of the Application Form shall not be permitted once submitted.

Subscription Application Forms will be made available during the Retail Offering Period by Receiving Agents. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Investors who have recently participated in recent initial public offerings can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents that offer any or all such services to its customers, provided that the following requirements are satisfied:

a- the Individual Investor must have a bank account at a Receiving Agent which offers such services; and

b- there have been no changes to the personal information or data of the Individual Investor since his subscription in the last Offering.

Upon signing and submitting the Subscription Application Form to any of the Receiving Agents, it shall be deemed a legally binding agreement between the Selling Shareholders and the relevant Individual Investor.

Individual Investors may obtain a copy of this Prospectus through the websites of CMA and the Financial Advisors:

Receiving Agents
Saudi National Bank King Fahd Road, Aqiq District, King Abdullah P.O. Box: 3208, Unit No.: 778 Kingdom Saudi Arabia Tel: +966 (92) 0001000 Fax: +966 (11) 4060052 Website: www.alahli.com Email: contactus@alahli.com
Riyad Bank Eastern Ring Road P.O. Box 22622 Riyadh 11614 Kingdom of Saudi Arabia Tel.: +966 (11) 4013030 Fax: +966 (11) 4030016 Website: www.riyadbank.com Email: customercare@riyadbank.com
Al Rajhi Bank King Fahd Road, Morouj District, Al-Rajhi Bank Tower Riyadh 11411 Kingdom Saudi Arabia Tel: +966 (11) 828 2515 Fax: +966 (11) 279 8190 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa
Saudi British Bank (SABB) Prince Abdulaziz bin Musaed bin Jalawi Street P.O. Box 9084 Riyadh 11413 Kingdom Saudi Arabia Tel: +966 (11) 440 8440 Fax: +966 (11) 276 3414 Website: www.sabb.com Email: sabb@sabb.com

Arab National Bank
King Faisal Street
P.O. Box No. 56921
Riyadh 11564
Kingdom Saudi Arabia
Tel: +966 (11) 402 9000
Fax: +966 (11) 405 0707
Website: www.anb.com.sa
E-mail: consumer.info@anb.com.sa

The Receiving Agents will commence receiving Subscription Application Forms throughout the Kingdom beginning on 10/08/1443H (corresponding to 13/03/2022G) until 12/08/1443H (corresponding to 15/03/2022G). Once the Subscription Application Form is signed and submitted, the relevant Receiving Agent receiving it, if it offers such services to its clients, will stamp it and provide the Individual Investor with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Individual Investors do not have the right to claim any compensation for the damages incurred due to such cancellation.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR [•] per Offer Share.

Subscriptions by Individual Investors for less than ten (10) Offer Shares or fractions of Offer Shares will not be accepted, noting that the maximum subscription is two hundred and fifty thousand (250,000) Offer Shares for Individual Investors. Increments are to be made in multiples of 10.

Subscription Application Forms should be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Investor):

1- the original and copy of the national civil identification card or residency identification card (in case of non-Saudi Individual Investors and foreign residents, as applicable);
2- the original and copy of the national civil identification card (in case of Individual Investors who are GCC nationals);
3- the original and copy of the family civil identification card (when subscribing on behalf of family members);
4- the original and copy of a power of attorney (when subscribing on behalf of others);
5- the original and copy of certificate of guardianship (when subscribing on behalf of orphans);
6- the original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
7- the original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
8- the original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event an application is made on behalf of an Individual Investor (parents and children only), the name of the person signing on behalf of the Individual Investor should be stated in the Subscription Application Form. The power of attorney must be notarized by a notary public for the Individual Investors residing in the Kingdom, and must be legalized through a Saudi embassy or consulate in the relevant country for Individual Investors residing outside the Kingdom. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Investor.

One Subscription Application Form should be completed for each primary Individual Investor applying for himself and members appearing on his family identification card, if the family members apply for the same number of Offer Shares as the primary Individual Investor. In this case:

a- all Offer Shares allocated to the primary Individual Investor and dependent Individual Investors will be registered in the primary Individual Investor's name;
b- the primary Individual Investor will receive any refund in respect of amounts not allocated and paid for by himself or dependent Individual Investors; and
c- the primary Individual Investor will receive all dividends distributed in respect of the Offer Shares allocated to themselves and dependent Individual Investors (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

a- the Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Investor;

b- dependent Individual Investors intend to apply for a different number of Offer Shares than the primary Individual Investor; and

c- the wife subscribes in her name adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant primary Individual Investor). In such case, applications made by the husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband can subscribe on behalf of those children, provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Investors. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in its Subscription Application Form, multiplied by the Offer Price of SAR [•] per share. Each Individual Investor shall acquire the number of Offer Shares allocated to him/her upon:

a- delivery by the Individual Investor of the Subscription Application Form to any of the Receiving Agents; and

b- payment in full by the Individual Investor to the Receiving Agent of the number of the Offer Shares subscribed for in the Subscription Application Form.

The total value of the Offer Shares shall be paid in full to the Receiving Agents, by debiting the account of the Individual Investor at the Receiving Agent where the Subscription Application Form was submitted. If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, then such an application may be rejected altogether. The Individual Investor shall accept any number of Offer Shares allocated to him/her, unless the allocated shares exceed the number of Offer Shares he has applied for.

18.4 Allocation and Refunds

The Lead Manager shall open and operate escrow accounts, for the purpose of depositing and keeping subscription monies collected from Participating Parties and Receiving Agents (on behalf of Individual Investors). Subscription monies shall be transferred to the Selling Shareholders only after listing, and following the deduction of certain fees and expenses. Details of the escrow account shall be specified in the subscription forms. In addition, Receiving Agents shall deposit all amounts received from the Individual Investors into the escrow accounts, the details of which account shall be specified in the Retail Subscription Form.

The Lead Manager and Receiving Agents, as applicable, shall notify Subscribers informing them of the final number of Offer Shares allocated, together with the amounts to be refunded.

Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' account as specified in the Subscription Application Form.

The announcement of the final allocation and refund process shall be made no later than 20/08/1443H (corresponding to 23/03/2022G) (for further details, see "**Key Dates and Subscription Procedures**"), page xiii. Subscribers should communicate with the Lead Manager or the Receiving Agents where they submitted their Subscription Form, as applicable, for any further information.

18.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisors, in coordination with the Company, shall determine the allocation of Offer Shares for the Participating Parties, after the allocation of Offer Shares to Individual Investors is completed, provided that the initial number of Offer Shares initially allocated to Participating Parties shall not be less than thirty-nine million (39,000,000) Offer Shares representing 100% of the Offer Shares, and provided that the final allocation for Participating Parties shall not be less than thirty five million one hundred thousand (35,100,000) Offer Shares representing 90% of the Offer Shares. The allocation of Offer Shares for the Participating Parties will be made using the voluntary share allocation method. The Company and the Financial Advisors may decide to not allocate any Offer Shares to certain Participating Parties.

18.4.2 Allocation of Offer Shares to Individual Investors

The Financial Advisors, in coordination with the Company, shall determine the allocation of Offer Shares to be allocated to Individual Investors. There will be an allocation of a maximum of three million nine hundred thousand (3,900,000) Ordinary Shares, representing 10% of the Offer Shares, to Individual Investors. The minimum allocation per Individual Investor is ten (10) Offer Shares. The balance of the Offer Shares (if any) will be allocated on a pro-rata basis of each Individual Investor's application in proportion to the total number of requested Shares. In the event that the number of Individual Investors exceeds three hundred and ninety thousand (390,000) Individual Investors, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and Financial Advisors. The surplus, if any, would be refunded to Individual Investors without any commissions or deductions by the Receiving Agents.

18.5 Circumstances where Listing may be Suspended or Cancelled

18.5.1 Power to Suspend or Cancel Listing

a- The CMA may suspend stock trading or cancel the listing at any time as it deems fit, in any of the following circumstances:

- The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
- The Company fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its implementing regulations or market rules.
- The Company does not pay any fees due to the CMA or the Exchange, or penalties due to the CMA on time.
- If it considers that the Company or its business, the level of its operations or its assets is no longer suitable to warrant the continued listing of shares in the Exchange.
- When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the source has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Company, 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.
- When information about the proposed transaction of reverse takeover is leaked and the Company cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
- Upon filing a request for commencing financial reorganization procedures before the court under the Bankruptcy Law, for an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.
- Upon filing a request for commencing Issuer liquidation procedures or administrative liquidation procedure before the court under the Bankruptcy Law.
- Upon issuance of a final court ruling to end Issuer financial reorganization procedures and initiation of liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.
- Upon issuance of a final court ruling to commence Issuer liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.

b- The Exchange shall suspend the trading of the securities of the Company in any of the following cases:

- When the Company does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the requirements of the OSCOs until its disclosure.
- When the auditor's report on the financial statements of the Company contains an opposing opinion or an abstention from expressing opinion, until such opinion or abstention is removed.
- 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 Company to rectify its conditions, unless the CMA agrees otherwise.
- The issuance of a decision by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of the decision.

18.5.2 Voluntary Cancellation of Listing

a- The Company, after it is listed on the Exchange, may not cancel the listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the Company must provide the cancellation application to the CMA along with a simultaneous notice to Exchange. The application has to include the following:

- Specific reasons for the cancellation request;
- A copy of the disclosure referred to in Paragraph (d) below.
- 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 Company; and
- Names and contact information of the Financial Advisors and legal advisor appointed according to the relevant implementing regulations.

b- The CMA may, at its discretion, approve or reject the cancellation request

c- Once approval from the CMA has been obtained for the cancellation of listing, the Company must obtain the consent of its Extraordinary General Assembly.

d- Where cancellation is made at the Company's request, the Company must disclose that 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 how it affects the issuer's activities.

18.5.3 Temporary Trading Suspension

a- The Company may request the Exchange to implement a temporary trading suspension upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. In such a case, the Exchange suspends trading of the securities of the Company as soon as it receives the request.

b- Where a temporary trading suspension is made at the Company's request, the Company 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 it affects the Company's activities.

c- The CMA may impose a temporary trading suspension without a request from the Company, where the CMA becomes aware of information or circumstances affecting the Company's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. The Company, once its securities are subject to temporary trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.

d- The Exchange may recommend to the CMA to practice its powers in accordance with the above Paragraph (c), if it discovers any information or circumstances that might affect the Company's activities which might affect the market's activities or investors' protection.

e- A temporary trading suspension will be lifted following the elapse of the disclosure period referred to in the above Paragraph (b), unless the CMA or the Saudi Exchange decide otherwise.

18.5.4 Lifting of Suspension

Lifting of trading suspension, as per Paragraph (A) of Section 18.5.1 ("**Power to Suspend or Cancel Listing**") of this Prospectus, is subject to the following:

a- Adequately addressing the conditions that led to the suspension and the lack of 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 Company complies with any other conditions that the CMA may require.

d- In the event that the suspension is due to the fact the Company's accumulated losses equal 50% or more of its capital as per the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial restructuring procedure for the issuer in accordance with the law issued by the competent authority and governing the issuer's activities.

e- In the event that the suspension was due to an issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

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 Company.

18.5.5 Re-registering and Listing of Cancelled Securities

If the Company wishes to re-list its shares after the cancellation thereof, it must submit a new application to list its shares in accordance with the Listing Rules, and fulfil the relevant requirements stipulated in the OSCOs.

18.6 Approvals and Decisions under which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are publicly offered and listed:

1- the Company's Board of Directors resolution approving the Offering dated [•]G;

2- the CMA's announcement on the approval of the application for listing and offering securities dated [•]H (corresponding to [•]G); and

3- the Exchange's conditional listing approval.

18.7 Lock-up Period

The Substantial Shareholder referred to on page ix of this Prospectus may not dispose of any of its Shares, in each case for a period of six (6) months from the date on which trading of the Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholder is not restricted from disposing of its Shares without prior CMA approval.

18.8 Acknowledgments by Subscribers

By completing and delivering the Retail Subscription Application, each Subscriber:

1- agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form;

2- warrants that he has read and carefully examined this Prospectus and understood all its content;

3- accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus, the Subscription Application Form, and Electronic Subscription Application, and subscribes in the Offer Shares accordingly;

4- declares that neither himself/herself nor any of his/her family members included in the Subscription Application Form have previously subscribed to the Company's shares and accepts that the Company has the right to reject any or all duplicate applications;

5- accepts the number of Offer Shares allocated to him (to the maximum of the amount subscribed for) as per the Subscription Application Form; and

6- warrants not to cancel or amend the Subscription Application Form, after submitting it to the Lead Manager or the Receiving Agents.

For further details about the allocation process and surplus refund, please refer to Section 18.4 ("**Allocation and Refund**").

18.9 Shares' Record and Trading Arrangements

The Saudi Exchange shall keep a shareholders' record containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

18.10 Saudi Stock Exchange

In 1990G, full electronic trading in the Kingdom equities was introduced. The Saudi Exchange (formerly "Tadawul") was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. The said times are subject to change during the month of Ramadan or in other months, and they are announced by the Saudi Exchange Management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. The Saudi Exchange distributes a comprehensive range of information through various channels, including in particular the Saudi Exchange website (Tadawul) and the Saudi Exchange Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that shares ownership transfer takes two working days after the trade transaction is executed.

Companies are required to disclose all material decisions and information that are important for the investors via the Saudi Exchange. Surveillance and monitoring is the responsibility of the Saudi Exchange as the operator of the market to ensure fair trading and an orderly market.

Securities Depository Center (Edaa)

Securities Depository Center Company (Edaa) was established in 2016G, in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. It is a closed joint-stock company fully owned by the Saudi Exchange (Tadawul), with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of SAR 10 per share. The establishment was based on CMA approval of Tadawul's Board of Directors request in relation to conversion of the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H.

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organizes issuers' general assemblies, including the remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with CML and its implementing regulations.

18.11 Trading in the Shares

It is expected that trading in the Shares will commence after the final allocation of shares and the Saudi Exchange announcement of the start date of trading of the Shares. Saudi nationals, KSA residents holding valid residency permits, GCC nationals, as well as Saudi and GCC companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, QFIs will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the Shares, by entering into swap agreements with a Capital Market Institution licensed by the CMA, and to acquire, hold and trade in the Shares on the Exchange on behalf of a Foreign Investor. The Capital Market Institution shall be deemed the legal owners of the shares under the swap agreements.

Furthermore, Shares can only be traded after allocated Offer Shares have been credited to Participating Parties' accounts at the Saudi Exchange, the Company has been registered and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Participating Parties entering into any pre-trading activities will be acting at their own risk. The Company and the Current Shareholders shall have no legal responsibility in connection with pre-trading activities.

18.12 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for foreign Participating Parties, taking into account the relevant rules and instructions. The Company, Selling Shareholders, Financial Advisors, Lead Manager and Underwriters require all recipients of this Prospectus to inform themselves of any regulatory restrictions on the Offer Shares and the sale of Offer Shares and to observe all such restrictions.

19- DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's head office between 10 a.m. and 3 p.m. from 14/07/1443H (corresponding to 15/02/2022G) until 12/08/1443H (corresponding to 15/03/2022G) for a period of no less than 20 days prior to the end of the Offering Period:

- Copy of the CMA's announcement of the approval of the Offering.
- The Board of Directors resolution dated 21/03/1443H (corresponding to 27/10/2021G) approving the Offering.
- Company's Bylaws, amendments thereto, and other constitutional documents.
- Company's commercial registration certificate issued by MOC.
- Company's consolidated financial statements for the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and notes thereto, as well as Company's condensed consolidated interim financial statements for the Six Month Period Ended 30 June 2021G.
- Market study prepared by the Market Consultant.
- Letters of consent from each of:
  - The Financial Advisors, Lead Manager, Bookrunners and Underwriters (being HSBC Saudi Arabia and SNB Capital) for the inclusion of their respective name, logo and declarations, if any, in this Prospectus.
  - KPMG, for the inclusion in this Prospectus, of its name, logo, and declarations, or financial statements as auditor of the Company for the audited financial statements for the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G, which were prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA.
  - Ernst & Young, for the inclusion in this Prospectus, of its name, logo, and declarations, as auditor of the Company for the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2021G, which were prepared in accordance with IAS 34 - "Interim Financial Reporting", as endorsed in the Kingdom of Saudi Arabia.
  - The Financial Due Diligence Advisor (PwC) for the inclusion of its name, logo and declarations, if any, in this Prospectus.
  - The Market Consultant (Euromonitor International Ltd.) for the inclusion of its name, logo and declarations in this Prospectus.
  - The Legal Advisor (Legal Advisors - Abdulaziz Al Ajlan and Partners, Advocates and Legal Consultants), for the inclusion of its name, logo and declarations in this Prospectus.
- Contracts and agreements disclosed in Section 12.8 ("**Related Party Transactions**") hereof.
- Underwriting Agreement.
- All reports, letters, and other documents, valuations and data prepared by any expert wholly or partly included or referred to herein.
- Document clarifying the mechanism relied upon to determine the price range used in the bookbuilding process.

20- FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

This section contains the financial statements for the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G and notes regarding the consolidated financial statements, including a summary of the major accounting policies, which were prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA. It also contains the unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2021G, which were prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia.

Our Values

nahdi

- Integrity
- Care
- Excellence
- Leading with Purpose
- Collaboration

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018
with
INDEPENDENT AUDITORS' REPORT

KPMG Al Fozan & Partners
Certified Public Accountants
Zahran Business Centre, 9th Floor
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License No. 46/11/323 issued 11/3/1992

Independent auditors' report

To the Shareholders of Al Nahdi Medical Company
(A Limited Liability Company)

Opinion

We have audited the consolidated financial statements of Al Nahdi Medical Company ("the Company") and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's Articles of Association 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 are responsible for overseeing the Group's financial reporting process.

Independent auditors' report

To the Shareholders of Al Nahdi Medical Company (continued)
(A Limited Liability Company)

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

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

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

For KPMG Al Fozan &Partners
Certified Public Accountants

Ebrahim Oboud Baeshen
License No. 382

Jeddah, Ramadan 23, 1440H
Corresponding to May 28, 2019

KPMG Al Fozan & Partners
Certified Public Accountants

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2018
(Expressed in Saudi Arabian Riyals)

	Notes	**31 December 2018**	31 December 2017	1 January 2017
Assets				
Property and equipment	4	**582,986,046**	762,783,962	711,968,692
Investment properties	5	**194,894,184**	--	--
Intangible assets	6	**40,118,517**	44,565,456	67,263,972
Prepayments and other assets - Non current	7	**9,017,970**	13,704,126	6,728,223
Non-current assets		**827,016,717**	821,053,544	785,960,887
Inventories	8	**1,131,927,417**	1,226,645,813	993,506,085
Trade receivables	9	**105,913,619**	107,877,714	93,940,524
Prepayment and other assets - Current	7	**253,558,191**	261,789,536	253,273,164
Financial investments at amortized cost	11	**200,359,333**	--	--
Cash and cash equivalents	10	**170,073,301**	121,235,180	193,332,534
		1,861,831,861	1,717,548,243	1,534,052,307
Assets held for sale	12	--	32,877,327	--
Current assets		**1,861,831,861**	1,750,425,570	1,534,052,307
Total assets		**2,688,848,578**	2,571,479,114	2,320,013,194
Equity				
Share capital	13	**50,000,000**	50,000,000	50,000,000
Statutory reserve	13	**25,000,000**	25,000,000	25,000,000
Retained earnings		**1,603,886,472**	1,552,470,533	1,433,833,830
Total equity		**1,678,886,472**	1,627,470,533	1,508,833,830
Liabilities				
Employees benefits	14	**142,569,721**	125,856,900	113,256,136
Deferred lease liability	15	**1,544,972**	1,544,972	1,091,791
Non-current liabilities		**144,114,693**	127,401,872	114,347,927
Loans and borrowings	16	--	--	200,000,000
Zakat provision	22	**37,056,138**	30,635,845	29,494,574
Trade payables		**428,286,947**	422,623,190	177,164,318
Accrued expenses and other current liabilities	15	**400,504,328**	355,598,504	290,172,545
		865,847,413	808,857,539	696,831,437
Liabilities directly associated with assets held for sale	12	--	7,749,170	--
Current liabilities		**865,847,413**	816,606,709	696,831,437
Total liabilities		**1,009,962,106**	944,008,581	811,179,364
Total equity and liabilities		**2,688,848,578**	2,571,479,114	2,320,013,194

The attached notes 1 to 29 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Chief Financial Officer   Chief Executive Officer   Authorized Board Member

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018
(Expressed in Saudi Arabian Riyals)

	Notes	**31 December 2018**	31 December 2017
Revenue		**7,350,003,187**	7,056,423,155
Cost of sales	18	**(5,276,139,914)**	(4,960,128,205)
Gross profit		**2,073,863,273**	2,096,294,950
Other (loss) / income	19	**(20,677,656)**	6,109,167
Selling and marketing expenses	20	**(1,105,729,942)**	(1,066,538,599)
General and administrative expenses	21	**(301,854,657)**	(272,962,954)
Operating profit		**645,601,018**	762,902,564
Finance income		**--**	100,352
Finance costs		**(6,804,099)**	(11,054,970)
Net finance costs		**(6,804,099)**	(10,954,618)
Profit before zakat		**638,796,919**	751,947,946
Zakat	22	**(28,143,673)**	(30,711,243)
Profit for the year		**610,653,246**	721,236,703
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Re-measurements of defined benefit	14	**(9,237,307)**	--
Other comprehensive loss for the year		**(9,237,307)**	--
Total comprehensive income for the year		**601,415,939**	721,236,703

The attached notes 1 to 29 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Chief Financial Officer	Chief Executive Officer	Authorized Board Member

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018
(Expressed in Saudi Arabian Riyals)

	Notes	Share capital	Statutory reserve	Retained earnings	Total equity
At 1 January 2017	28	50,000,000	25,000,000	1,433,833,830	1,508,833,830
Total comprehensive income for the year					
Profit		--	--	721,236,703	721,236,703
Other comprehensive income		--	--	--	--
Total comprehensive income		--	--	721,236,703	721,236,703
Transactions with owners of the Company					
Dividends	13	--	--	(602,600,000)	(602,600,000)
Total transactions with owners of the Company		**--**	**--**	**(602,600,000)**	**(602,600,000)**
At 31 December 2017		50,000,000	25,000,000	1,552,470,533	1,627,470,533
At 1 January 2018		50,000,000	25,000,000	1,552,470,533	1,627,470,533
Total comprehensive income for the year					
Profit		--	--	610,653,246	610,653,246
Other comprehensive Loss		--	--	(9,237,307)	(9,237,307)
Total comprehensive income		--	--	601,415,939	601,415,939
Transactions with owners of the Company					
Dividends	13	--	--	(550,000,000)	(550,000,000)
Total transactions with owners of the Company		**--**	**--**	**(550,000,000)**	**(550,000,000)**
At 31 December 2018		**50,000,000**	**25,000,000**	**1,603,886,472**	**1,678,886,472**

The attached notes 1 to 29 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Chief Financial Officer   Chief Executive Officer   Authorized Board Member

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018
(Expressed in Saudi Arabian Riyals)

Cash flow from operating activities	Notes	**31 December 2018**	31 December 2017
Profit before zakat		**638,796,919**	751,947,946
Adjustments for:			
Depreciation	4	**118,077,686**	103,596,542
Amortization	6	**24,964,172**	32,932,089
Write-off of property and equipment	4	**--**	3,453,237
Write-off of intangible assets		**1,650**	--
Loss from the disposal of property and equipment	19	**34,254,058**	4,931,119
Employee benefits	14	**23,383,871**	19,330,404
Allowance for slow moving inventory	8	**55,487,934**	4,629,903
Allowance for expected credit losses	9	**9,871,317**	1,586,676
		904,837,607	922,407,916
Changes in			
Inventories		**49,617,662**	(258,028,148)
Trade receivables		**1,964,095**	(15,523,866)
Prepayments and other assets		**18,363,933**	(20,938,707)
Trade payables		**5,663,757**	245,458,872
Accrued expenses and other current liabilities		**28,671,883**	67,795,498
Cash generated from operating activities		**1,009,118,937**	941,171,565
Employee benefits paid	14	**(7,423,586)**	(5,396,828)
Zakat paid	22	**(21,723,380)**	(25,069,972)
Net cash from operating activities		**979,971,971**	910,704,765
Cash flow from investing activities			
Purchase of property and equipment	4	**(162,496,893)**	(167,727,287)
Purchase of intangible asset	6	**(20,518,883)**	(10,233,573)
Investment at amortized cost	11	**(200,359,333)**	--
Net cash used in investing activities		**(383,375,109)**	(177,960,860)
Cash flow from financing activities			
Repayment of short-term Murabaha loan		**--**	(200,000,000)
Dividends paid	13	**(550,000,000)**	(602,600,000)
Net cash used in financing activities		**(550,000,000)**	(802,600,000)
Net increase/(decrease) in cash and cash equivalents		**46,596,862**	(69,856,095)
Cash and cash equivalents at 1 January		**121,235,180**	193,332,534
Cash and cash equivalents classified as held for sale		**2,241,259**	(2,241,259)
Cash and cash equivalents at 31 December		**170,073,301**	121,235,180
Non-cash transactions:			
Employees benefits transferred to agents	14	**8,484,771**	--
Inventories		**20,258,517**	(20,258,517)
Prepayment and other current assets		**5,446,432**	(5,446,432)
Accrued expenses and other current liabilities		**(7,749,170)**	7,749,170
Purchase of property and equipment		**4,931,119**	(4,931,119)

The attached notes 1 to 29 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Chief Financial Officer	Chief Executive Officer	Authorized Board Member

1. REPORTING ENTITY

Al Nahdi Medical Company ("the Company") is a Saudi Limited Liability Company (LLC) formed under Regulations for Companies in the Kingdom of Saudi Arabia ('KSA') under Commercial Registration No. 4030053868 dated 5 Shabaan, 1424H (1 October 2003). The Company is operating in accordance with the Ministry of Health License No. 26-101-31-67-3 dated 22 Dhu-Hijja, 1424H (28, December, 2003).

The principal activity of the Company is the wholesale and retail trading of cosmetics, pharmaceutical products and medical equipment. In addition, the Company also manages and operates external parties' pharmacies through its other branches and through other agents.

These consolidated financial statements include the financial statements of the Company and its branches and the following subsidiary (thereinafter collectively referred to as the Group):

Subsidiary name	Country of incorporation	Principal business activity	Ownership (%)	
			December 31, 2018	December 31, 2017
Abdulkarim Abdulaziz Al Sudias Company*	Saudi Arabia	Retail	--	100%
Al Nahdi Care**	Saudi Arabia	Clinics	**100%**	--

*The Group has disposed off its wholly owned subsidiary 'Abdulkarim Abdulaziz Al Sudias Company for Medical Pharmacies' on 1 January 2018. The decision to dispose off the subsidiary was taken during the year ended 31 December 2017. Therefore, for the year ended 31 December 2017, the Group has disclosed the assets and liabilities pertaining to the subsidiary held for sale as assets and liabilities held for sale in the consolidated Statement of Financial Position (Note 12).

**On 5th of July 2018, the Group established a new company, Al Nahdi Care ("the Subsidiary"). According to the Articles of Association of the subsidiary, the Company owns 100% of the share capital of the subsidiary. The subsidiary's principal activity is operating specialized medical clinics. Up to 31 December 2018, the subsidiary did not yet start or commence any commercial activities and it is expected to start operation during 2019.

The Group is operating in the Kingdom of Saudi Arabia and its Head Office is located at the following address:

Al Nahdi Medical Company,
P.O. Box 17129,
Jeddah 21484,
Kingdom of Saudi Arabia.

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

These accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants (SOCPA).

For all periods up to and including the year ended 31 December 2017 the Group has prepared and presented statutory consolidated financial statements in accordance with the generally accepted accounting standards in the KSA issued by SOCPA (pre-convergence GAAP or SOCPA) and the requirements of the Saudi Arabian Regulations for Companies and the Company's article of association in so far as they relate to the preparation and presentation of these consolidated financial statements.

For financial periods commencing January 1, 2018, the applicable regulations require the Group to prepare and present financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia (referred to as "IFRS").

These are the Group's first consolidated financial statements prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and the Group has applied IFRS 1 – First time adoption of International Financial Reporting Standards. In preparing these consolidated financial statements, the opening statement of financial position was prepared as at 1 January 2017, the date of transition.

An explanation of how the transition to IFRSs has affected the reported financial position and financial performance of the Group is provided in note 28, which includes reconciliation of equity at the date of transition, between the pre-convergence GAAP financial numbers (as previously reported) and those reported under IFRS.

2.2 Basis of Measurement

These consolidated financial statements have been prepared using the accrual basis of accounting and the going concern concept and under the historical cost basis except employees' benefits which are measured at the present value of the defined benefit obligation.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals ("SR") which is the Group's entities functional and presentation currency.

2. BASIS OF ACCOUNTING (continued)

2.4 Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which the estimate is revised and any future period affected.

Significant areas where management has used estimates, assumptions or exercised judgments are as follows:

(i) End of service benefits

The cost of the defined benefit plan (end of service benefits) and the present value of the end of service benefits obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on annual basis.

(ii) Impairment of non-financial assets

The Group reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of profit or loss and other comprehensive income.

(iii) Determination of transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses and estimates the impact of any variable consideration in the contract, this includes discounts and rejections of claims. In determining transaction price the Group assesses whether the transaction price is constrained because of high susceptibility of the amount of transaction on factors which are outside the entity's control and uncertainty about the amount of consideration.

2. BASIS OF ACCOUNTING (continued)

2.4 Critical accounting judgments and estimates (continued)

(iv) Impairment of trade and other receivables

(For periods before January 1, 2018)
A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators of objective evidence that the trade receivable is impaired. For significant individual amounts, assessment is made on an individual basis. Amounts which are not individually significant, but are overdue, are assessed collectively and a provision is recognized considering the length of time considering past recovery rates.

(From financial periods beginning January 01, 2018)
The Group follows an expected credit loss ("ECL") model for the impairment of trade receivables, this requires the Group to take into consideration certain estimates for forward looking factors while calculating the probability of default.

(v) Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

(vi) Useful life and residual value of property and equipment and intangible assets

The management determines the estimated useful lives of property and equipment and intangible assets for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value, depreciation method and useful lives annually and future depreciation charges are adjusted where management believes these differ from previous estimates.

(vii) Inventories obsolescence provision

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence.

2. BASIS OF ACCOUNTING (continued)

2.4 Critical accounting judgments and estimates (continued)

(viii) Trade discount / suppliers rebates

The Group is entitled to trade discounts and rebates based on arrangements with the suppliers. This includes fixed and volume discounts based on purchases made from the suppliers. These discounts are estimated and accrued when the right to receive the discount is established based on the terms and conditions of the contract or historical trends of liability adjustments. The amount of trade discount is allocated between cost of sales and inventory based on the proportion of actual quantity sold and inventory held at the year-end.

(ix) Operating lease commitments – as lessee

The Group entered into several lease agreements. Under the current account standards applied, the Group has determined, based on an evaluation of the terms and conditions of the arrangements that no significant risks and rewards are transferred to the Group on account of these lease arrangements. Therefore, the Group accounts for these contracts as operating leases.

(x) Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(xi) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/ non-current classification.

Assets:
An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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.

2. BASIS OF ACCOUNTING (continued)

2.4 Critical accounting judgments and estimates (continued)

All other assets are classified as non-current.

Liabilities:
A liability is current when:

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

All other liabilities are classified as non-current.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS consolidated statement of financial position at January 1, 2017 for the purposes of transition to IFRSs, except for the implementation (the "Implementation") of IFRS 9 and IFRS 15 by the Group for financial periods commencing January 1, 2018, and unless otherwise indicated. Details of adjustments arising out of transition to IFRS are disclosed in note 28.

The Implementation details are as follows:

IFRS 9 – Financial instruments

The Group has adopted IFRS 9 – "Financial Instruments" issued on July 2014 with a date from initial application of 1 January 2018. The requirements of IFRS 9 represent a significant change SOCPA accounting standards on Financial Instruments: Recognition and Measurement (the previous accounting standard for recognition and measurement of financial instruments were applied in drawing up the financial numbers up to December 31, 2017). The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.

Key impact on the Group's accounting policies resulting from its adoption of IFRS 9 are summarized below:

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). This classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing pre-convergence GAAP categories of held for trading, held to maturity and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not bifurcated. Instead, the whole hybrid instrument is assessed for classification. For an explanation of how the Group classifies financial assets under IFRS 9, please refer to note 3.6.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 – Financial instruments (continued)

Classification of financial assets and financial liabilities (continued)

IFRS 9 largely retains the existing requirements in pre-convergence GAAP for the classification of financial liabilities. However, under IFRS 9 fair value changes of liabilities designated at fair value through profit or loss are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- The remaining amount of change in the fair value is presented in consolidated statement of profit or loss.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in pre-convergence GAAP with an 'expected credit loss' model ("ECL"). IFRS 9 requires the Group to record an allowance for ECL for all financial assets exposed to credit risk that are not held at FVTPL. The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECL over the life of the asset.

For an explanation of how the Group applies the impairment requirements of IFRS 9, refer note 3.6 of significant accounting policies.

In lieu of the exemption available under the IFRS, comparative periods have not been restated for the impact of IFRS 9 adoption. Hence, any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and / or reserves (as appropriate) as at January 1, 2018. Accordingly, the information presented for the financial period ended December 31, 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for the year ended December 31, 2018.

Description	Carrying value under pre-convergence GAAP 31December 2017	Carrying value under IFRS 9 31 December 2017
Trade receivables	107,877,714	107,877,714

There were no significant impact on the carrying values of trade receivables from adopting the expected credit loss model as required by IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 – Financial instruments (continued)

Changes to measurement categories

The following table shows the original measurement categories in accordance with pre-convergence GAAP and the new measurement categories under IFRS 9 for the Group's financial assets as at January 1, 2018.

Financial asset	Classification under SOCPA	Classification under IFRS 9	Carrying value under pre-convergence SOCPA	Carrying value under IFRS 9
			January 1, 2018	
Trade receivables	Loans and receivables	Amortized Cost	107,877,714	107,877,714
Cash and cash equivalent	Loans and receivables	Amortized Cost	121,235,180	121,235,180

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

i) The determination of the business model within which a financial asset is held.

ii) The designation and revocation of previous designated financial assets and financial liabilities as measured at FVTPL.

IFRS 15 – Revenue from contracts with customers

IFRS 15 replaces IAS 18 and introduces a new model for revenue recognition that is based on the transfer of control. This may impact the timing and amount of revenue that will be recognized compared to the previous revenue guidance. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. In assessing the impact of IFRS 15, the Group has applied the five steps model and considered the impact of the variable consideration from discounts granted to its customers and the rejections of claims from customers. In addition to the impact of loyalty points given to its customers. The Group has applied the full retrospective approach when assessing the impact of adopting the IFRS 15.

The Group's adoption of IFRS 15 did not have a material impact on its consolidated financial numbers, except for the addition of certain additional disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation

i) Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Acquisitions from entity under common control
Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entity are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interests without change in control".

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

iii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

iv) Non-controlling interests

Non-controlling interests represent the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses and cash flows relating to transactions arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property and equipment

Recognition and measurement

Items of property and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses.

Cost of a self-constructed item of property and equipment comprises the cost of materials and direct labour and any other costs directly attributable to bringing the item to working condition for its intended use.
Cost of an acquired item of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of bringing the item to working condition for its intended use.

Parts of an item of property and equipment having varying useful lives are accounted for as separate component of property and equipment, if considered significant.

Capital work-in-progress represents all costs relating directly to on-going construction projects and are capitalized as a separate component of property and equipment. On completion, the cost of construction is transferred to the appropriate category. Capital work-in-progress is not depreciated.

Subsequent expenditure

Subsequent expenditure is capitalized when it is probable that future economic benefits deriving from the cost incurred will flow to the Group and the cost of the item can be measured reliably.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss account and other comprehensive income as incurred.

De-recognition

Property and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized in the statement of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property and equipment (continued)

Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over the estimated useful lives, and is generally recognized in consolidated profit or loss and other comprehensive income. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	Years
• Building	10 – 25
• Furniture, fixtures and office equipment	4
• Vehicles	4
• Computers	4
• Machinery and equipment	4
• Decorations	4-8

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.3 Investment properties

Land and other real estate properties that are held directly to earn rentals (income generating property) and/or for capital appreciation (property held for capital appreciation) are classified as investment property and are initially recognized at acquisition cost. Impairment loss is recognized and assessed as per requirements mentioned in 2.4 (ii) above.

Gains or losses arising from the disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in consolidated statement of profit or loss and other comprehensive income.

The Group is following cost model for subsequent measurement of investment property whereby land and real estate investments are subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged on investment property, excluding land, on a straight-line. Rental income is recognized as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in consolidated Profit and loss and other comprehensive income category consistent with the

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Intangible assets are amortized over the estimated useful life as follows:

	Years
• Software	4
• Acquisitions of pharmacies	4

3.5 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

3.6 Financial instruments

i. Initial recognition and derecognition

The accounting guidance in respect of the initial recognition and derecognition of financial assets / liabilities is consistent between pre-convergence GAAP and IFRS 9. This is as follows:

Initial recognition

A financial asset or financial liability (unless it's a trade receivable / other receivable without a significant financing component) is initially measured at fair value plus, for an item not carried at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

Derecognition

A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognized, when the contractual rights to the cash flows from the financial asset expires. A financial liability (or a part of financial liability) can only be derecognized when it is extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expired.

i. Classification and measurement under IFRS 9 (w.e.f. January 1, 2018)

Financial assets

Financial Asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assessments whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money- e.g. periodical reset of interest rates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

i. Classification and measurement under IFRS 9 (w.e.f. January 1, 2018) (continued)

Financial Asset at FVOCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial Asset at FVTPL

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

Business model assessment (continued)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Classification of financial liabilities

The Group classifies its financial liabilities, as measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or an entity has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9.

Financial liabilities classified as FVTPL using fair value option, if any, after initial recognition, for such liabilities, changes in fair value related to changes in own credit risk are presented separately in OCI and all other fair value changes are presented in the profit and loss.

Amounts in OCI relating to own credit are not recycled to the profit or loss even when the liability is derecognized and the amounts are realized.

Financial liabilities that are required to be measured at fair value through profit or loss will have all their fair value movements, including those related to changes in the credit risk of the liability, recognized in profit or loss.

iii. Classification and measurement under pre-convergence GAAP (until December 31, 2017)

For financial periods ended December 31, 2017, the Group classified financial assets as follows:

Held for trading investments (HFT)

Held for trading investments represent investments held for trading purposes. These are initially recorded at cost and then re-measured and stated in the balance sheet at market value and included under current assets. Realized gain or loss on sale of trade securities and changes in market value at balance sheet date are credited or charged to statement of income.

Held to maturity investments (HTM)

Investments having fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity are classified as held to maturity. Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and subsequently measured at amortized cost, less provision for impairment in their value. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method. Any gain or loss on such investments is recognized in the statement of income when the investment is derecognized or impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

Available for sale investments (AFS)

Available for sale investments are non-derivative investments that are designated as AFS or not classified as another category of financial assets, and are intended to be held for an unspecified period of time, which may be sold in response to needs for liquidity or changes in special commission rates, exchange rates or equity prices.

Investments which are classified as available for sale are initially recognized at fair value including direct and incremental transaction costs and subsequently measured at fair value except for unquoted equity securities whose fair value cannot be reliably measured are carried at cost less impairment losses, if any. Any unrealized gains or losses arising from changes in fair value are recognized in equity until the investments are derecognized or impaired whereupon any cumulative gains or losses previously recognized are reclassified to statement of income for the period.

Reclassification of financial investments

Upon a change in intention or purpose for holding financial investment, these are re-measured to fair value and reclassified according to such change.

i. Impairment of financial assets under IFRS 9 (w.e.f. January 1, 2018)

The Group recognizes loss allowances for ECL on financial assets that are debt instruments and are not carried at FVTPL, at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

Loss allowances for trade and other related receivables are always measured at an amount equal to lifetime ECL. The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Financial instruments (continued)

i. Impairment of financial assets under IFRS 9 (w.e.f. January 1, 2018) (continued)

The Group categorizes its financial assets into following three stages in accordance with the IFRS-9 methodology:

- Stage 1 – Performing assets: Financial assets that are not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months Probability of Default (PD).
- Stage 2 – Underperforming assets: Financial assets that has significantly deteriorated in credit quality since origination This credit quality assessment is made by comparing the remaining lifetime PD as at reporting date with the remaining lifetime PD point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations). The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on life time PD.
- Stage 3 – Impaired assets: For Financial assets that are impaired, the Group is recognize the impairment allowance based on life time PD.

The Group also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECL.

The forward-looking information will include the elements such as macroeconomic factors (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Group without any restrictions. Overdraft is net off against cash and cash equivalents.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of non-financial assets

The carrying amounts of the Group's assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds the recoverable amount, which is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is arrived based on available data from binding sales transactions at arm's length, for similar assets. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Impairment losses are recognized in statement of profit or loss and other comprehensive income. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.8 Employee benefits

Defined benefit plan

The Group's obligation under employees' end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. Measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income (OCI). The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in consolidated statement of profit or loss.

Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Revenue recognition

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" from 1 January 2018. The effect of initial application of these standards is mainly attributed to the accounting for loyalty points that was previously accounted for under IFRIC 13.

Under IFRS 15, an entity recognizes revenue when or as a performance obligation is satisfied, i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

IFRS 15: "Revenue from contracts with customers" supersedes IAS 11: "Construction Contracts", IAS 18: "Revenue" and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group chose to apply the standard using the retrospective method by recognizing the cumulative effect of applying the standard at the start of the earliest comparative period. Because the impact of applying the new standard was not significant, the comparative information has not been changed or restated.

Other than the loyalty points program, the Company's activities and contracts with customers have only one performance obligation, which is fulfilled at a point of time when delivering the goods and transferring the control to the customers.

The Group recognises revenue at the amount of the transaction price that is allocated to that performance obligation. Revenue is recorded net of returns, trade discounts, volume rebates, estimates of other variable consideration and amounts collected on behalf of third parties.

(i) Sale of goods

The Group's contracts with customers for the sale of medicines and drugs generally include one performance obligation. The Group has concluded that revenue from sale of medicines and drugs should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the medicines and drugs. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition and the amount of revenue recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Revenue recognition (continued)

(ii) Loyalty program

Revenue from loyalty points for registered customers in the loyalty program included separate performance obligation.

Revenue is allocated between the loyalty program and the other components of the sale using the stand alone selling price ratio and not using the fair value of redeemable points as previously treated under IFRIC 13. The amount allocated to the loyalty program is deferred and is recognized as revenue when the Group has fulfilled its obligations to supply the discounted products or free goods under the terms of the program or when it is no longer probable that the points under the program will be redeemed.

Policy applied before January 1, 2018 under IFRIC 13

Revenue allocated between the sale of goods and loyalty points based on the relative fair value of redeemable points. Revenue is recognized when the points are redeemed or expired.

(iii) Rental income

Rental income is recognized on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(iv) Other income

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued. This consists of profit from sale of scrapped inventory and other miscellaneous income.

3.10 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in consolidated statement of profit or loss and other comprehensive income.

Once classified as held-for-sale, assets are no longer amortized or depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale
- Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

3.12 Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Company.

3.13 Zakat and taxes

The Group is subject to zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). The Group's Zakat and its share in Zakat of subsidiary are charged to the consolidated statement of profit or loss and other comprehensive income. Zakat attributable to other Saudi shareholders of the consolidated subsidiary are charged to non-controlling interests in the accompanying consolidated statement of financial position. Additional Zakat liability, if any, related to prior years' assessments arising from GAZT are accounted for in the year in which the final assessments are finalized.

The Company and its subsidiary withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with GAZT regulations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Provisions, contingencies and commitments

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Certain provisions are based on management's estimate of the actual amount payable.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed in the consolidated statement of profit or loss and other comprehensive income.

Contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

(b) a present obligation that arises from past events but is not recognized because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized and are disclosed, unless the probability of an outflow of resources embodying economic benefits is remote.

Commitments represent binding agreements of the Group to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties. For details of Group's contingencies and commitments at the reporting date, please refer to note 25.

3.15 Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group in its functional currency using the spot rate at the date of the transaction it first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency using the spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3.16 Expenses

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Borrowings and finance cost

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the consolidated statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

Finance income is recognized as it accrues in consolidated statement of profit or loss using the effective interest method.

3.18 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) Group as a lessee

Finance leases that transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the consolidated statement of profit or loss and other comprehensive income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognized as an operating expense in the consolidated statement of profit or loss on a straight-line basis over the lease term.

(b) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset 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 recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

4. PROPERTY AND EQUIPMENT

	Note	Land	Decorations	Computers	Machinery and equipment	Capital work in progress	Buildings	Furniture, fixtures and office equipment	Vehicles	Total
31 December 2018										
Costs										
Balance at 1 January 2018		339,508,685	546,524,229	98,238,793	95,853,218	25,657,579	40,151,341	27,741,596	1,643,556	**1,175,318,997**
Additions		3,000,000	128,444,899	14,039,541	7,402,846	9,634,058	--	4,906,668	--	**167,428,012**
Reclassification to investment proprieties	6	(194,894,184)	--	--	--	--	--	--	--	**(194,894,184)**
Disposals		(21,372,515)	(2,930,586)	(730,060)	--	--	(12,633,808)	(801,180)	--	**(38,468,149)**
Balance at 31 December 2018		**126,241,986**	**672,038,542**	**111,548,274**	**103,256,064**	**35,291,637**	**27,517,533**	**31,847,084**	**1,643,556**	**1,109,384,676**
Accumulated depreciation:										
Balance at 1 January 2018		--	242,840,958	75,292,995	63,158,749	--	13,522,810	16,561,999	1,157,524	412,535,035
Depreciation		--	80,769,952	14,491,645	15,060,445	--	1,903,470	5,695,486	156,688	**118,077,686**
Disposals		--	(2,930,586)	(730,060)		--	(125,951)	(427,494)	--	**(4,214,091)**
Balance at 31 December 2018		**--**	**320,680,324**	**89,054,580**	**78,219,194**	**--**	**15,300,329**	**21,829,991**	**1,314,212**	**526,398,630**
Carrying amounts										
At 31 December 2018		**126,241,986**	**351,358,218**	**22,493,694**	**25,036,870**	**35,291,637**	**12,217,204**	**10,017,093**	**329,344**	**582,986,046**

4. PROPERTY AND EQUIPMENT (continued)

	Note	Land	Decorations	Computers	Machinery and equipment	Capital work in progress	Buildings	Furniture, fixtures and office equipment	Vehicles	Total
31 December 2017										
Cost:										
Balance at 1 January 2017 (Adjusted)		339,508,685	463,335,490	85,174,026	77,546,004	19,273,566	28,059,513	25,980,081	1,699,687	1,040,577,052
Additions		--	98,666,182	13,530,751	19,308,685	19,748,355	6,173,902	4,978,293	390,000	162,796,168
Transfers		--	7,446,416	--	--	(13,364,342)	5,917,926	--	--	--
Disposals		--	(11,026,527)	(465,984)	(1,001,471)	--	--	(1,213,479)	(446,131)	(14,153,592)
Reclassification to assets held for sale	12	--	(11,897,332)	--	--	--	--	(2,003,299)	--	(13,900,631)
Balance at 31 December 2017		**339,508,685**	**546,524,229**	**98,238,793**	**95,853,218**	**25,657,579**	**40,151,341**	**27,741,596**	**1,643,556**	**1,175,318,997**
Accumulated depreciation :										
Balance at 1 January 2017		--	189,962,046	61,017,934	49,642,032	--	12,523,987	14,001,198	1,461,163	328,608,360
Depreciation		--	68,092,974	14,885,153	14,456,673	--	998,823	5,021,869	141,050	103,596,542
Disposals		--	(7,522,055)	(610,092)	(939,956)	--	--	(1,183,563)	(444,689)	(10,700,355)
Reclassification to assets held for sale	12	--	(7,692,007)	--	--	--	--	(1,277,505)	--	(8,969,512)
Balance at 31 December 2017		**--**	**242,840,958**	**75,292,995**	**63,158,749**	**--**	**13,522,810**	**16,561,999**	**1,157,524**	**412,535,035**
Carrying amounts										
At 31 December 2017		**339,508,685**	**303,683,271**	**22,945,798**	**32,694,469**	**25,657,579**	**26,628,531**	**11,179,597**	**486,032**	**762,783,962**
At 1 January 2017		**339,508,685**	**273,373,444**	**24,156,092**	**27,903,972**	**19,273,566**	**15,535,526**	**11,978,883**	**238,524**	**711,968,692**

4. PROPERTY AND EQUIPMENT (continued)

b) Capital work in progress is mainly represented in the costs incurred on the construction of the warehouse in Al-Khomra. During the year ended December 31, 2017 certain phases were completed and transferred to the building and decoration categories amounting to SR 5.9 million and SR 7.4 million respectively.

During 2018, there were no new phases ready for use and the project is expected to be completed within the following three years.

5. INVESTMENT PROPERTIES

	Land
Balance at 1 January 2018	**--**
Reclassification from property and equipment	**194,894,184**
Balance at 31 December 2018	**194,894,184**

Fair value of investment properties was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. To determine the fair value of the investment properties, the fair value has been determined using the market value of the property. The market value is the estimated amount for which an assets or liability should exchange on the valuation date between a willing buyer and willing seller in an arms-length transactions after proper marketing and where the parties had each acted knowledgeably. The fair value measurement for all of the investment properties has been categorized under Level 3 of the fair value hierarchy. Based on the valuation reports, the fair value of the Group's investment properties amounted to SR 204 million.

6. INTANGIBLE ASSETS

a) 31 December 2018

	Computer software	Acquisition of pharmacies	Total
Cost:			
Balance at 1 January 2018	**108,580,270**	**123,516,784**	**232,097,054**
Additions	**20,487,895**	**30,988**	**20,518,883**
Disposals	**--**	**(3,279,013)**	**(3,279,013)**
Balance at 31 December 2018	**129,068,165**	**120,268,759**	**249,336,924**
Accumulated amortization:			
Balance at 1 January 2018	**73,363,377**	**114,168,221**	**187,531,598**
Amortization	**17,275,555**	**7,688,617**	**24,964,172**
Disposals	**--**	**(3,277,363)**	**(3,277,363)**
Balance at 31 December 2018	**90,638,932**	**118,579,475**	**209,218,407**
Carrying amount			
Balance at 31 December 2018	**38,429,233**	**1,689,284**	**40,118,517**

b) 31 December 2017

	Computer software	Acquisition of pharmacies	Total
Costs:			
Balance at 1 January 2017	98,352,651	129,926,534	228,279,185
Additions	10,227,619	5,954	10,233,573
Disposals	--	(6,415,704)	(6,415,704)
Balance at 31 December 2017	**108,580,270**	**123,516,784**	**232,097,054**
Accumulated amortization:			
Balance at 1 January 2017	58,996,311	102,018,902	161,015,213
Amortization	14,367,066	18,565,023	32,932,089
Disposals	-	(6,415,704)	(6,415,704)
Balance at 31 December 2017	**73,363,377**	**114,168,221**	**187,531,598**
Carrying amount			
At 31 December 2017	**35,216,893**	**9,348,563**	**44,565,456**
At 1 January 2017	39,356,340	27,907,632	67,263,972

7. PREPAYMENTS AND OTHER ASSETS

	31 December 2018	31 December 2017	1 January 2017
Non-current			
Lease prepayments – key money payments	**9,017,970**	13,704,126	6,728,223
	9,017,970	13,704,126	6,728,223
Current			
Prepaid rent	**128,889,876**	164,833,950	142,137,277
Advances paid for service vendors	**52,283,157**	21,317,969	25,394,429
Other prepayments	**31,616,832**	27,960,937	26,936,718
Employee loans	**30,031,195**	35,319,900	27,596,618
Letters of credit	**8,141,385**	7,234,623	24,284,323
Others	**2,595,746**	5,122,157	6,923,799
	253,558,191	261,789,536	253,273,164

8. INVENTORIES

	31 December 2018	31 December 2017	1 January 2017
Inventories	**1,220,381,220**	1,287,065,837	1,077,429,773
Less: Provision for slow moving inventories	**(88,453,803)**	(60,420,024)	(83,923,688)
	1,131,927,417	1,226,645,813	993,506,085

8. a. Inventories as at 31 December 2018 include goods on consignment held with the agents amounting to SR 653 million (2017: SR 596 million) (1 January 2017: SR 502 million).

8. b. The movement in the provision for slow moving items for the year ended 31 December is as follows:

	31 December 2018	31 December 2017	1 January 2017
Balance at the beginning of the year	**60,420,024**	83,923,688	57,442,516
Additions	**55,487,934**	4,629,903	53,893,000
Write-offs	**(27,454,155)**	(27,413,075)	(27,411,828)
Provision associated with assets held for sale	**--**	(720,492)	--
Balance at the end of the year	**88,453,803**	60,420,024	83,923,688

9. TRADE RECEIVABLES

	31 December 2018	31 December 2017	1 January 2017
Trade receivables	**119,498,756**	116,120,811	78,903,784
Operated pharmacies - Agents	**--**	--	23,053,939
Less: Allowance for expected credit losses	**(13,585,137)**	(8,243,097)	(8,017,199)
	105,913,619	107,877,714	93,940,524

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

	31 December 2018	31 December 2017	1 January 2017
Balance at the beginning of the year	**8,243,097**	8,017,199	2,390,114
Additions	**9,871,317**	1,586,676	6,200,000
Write-offs	**(4,529,277)**	(1,360,778)	(572,915)
Balance at the end of the year	**13,585,137**	8,243,097	8,017,199

9. b The effect of the initial application of IFRS 9 is described in Note 3 to these financial statements.

9. c Information about the Group's exposure to credit and market risks and impairment losses for trade receivables is included in Note 23.

10. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017	1 January 2017
Cash at bank – current accounts	**136,906,346**	77,812,729	123,421,848
Cash in hand	**33,166,955**	43,422,451	69,910,686
	170,073,301	121,235,180	193,332,534

11. FINANCIAL INVESTMENT AT AMORTIZED COST

Represents time deposit (Murabha) placed with local banks, carrying profits at 3.08 % per annum with maturity date up to sixth months.

12. DISPOSAL OF SUBSIDIARY

The Group has disposed off its wholly owned subsidiary 'Abdulkarim Abdulaziz Al Sudias Company for Medical Pharmacies' on 1 January 2018. The decision to dispose off the subsidiary was taken during the year ended 31 December 2017. Therefore, for the year ended 31 December 2017, the Group has disclosed the assets and liabilities pertaining to the subsidiary held for sale as assets and liabilities held for sale in the consolidated Statement of Financial Position. The details are as follows:

	31 December 2017
Assets classified as held for sale:	
Cash and cash equivalents	2,241,259
Inventory	20,258,517
Prepayment and other debit balances	5,446,432
Property and equipment	4,931,119
Assets classified as held for sale	**32,877,327**
Liabilities classified as held for sale:	
Accrued expenses and other current liabilities	1,916,358
End of service benefits	1,332,812
Zakat provision	4,500,000
Liabilities associated with assets held for sale	**7,749,170**
Net assets directly associated with disposal group	**25,128,157**

13. CAPITAL AND RESERVES

Share capital

The share capital of the Company is SR 50 million divided into 50,000 shares with a nominal value of SR 1000 each. The ownership structure of the Company is given below:

Description	**No. of shares held**			**Percentage %**		
	31 December 2018	31 December 2017	1 January 2017	**2018**	2017	1 January 2017
Tawjeeh Commercial Investments Services Company Limited	**25,000**	25,000	25,000	**50%**	50%	50%
Al Nahdi Holding Co.	**25,000**	25,0000	25,000	**50%**	50%	50%
	50,000	50,000	50,000	**100**	100	100

The shareholders are entitled to dividends as declared from time to time and are entitled to one vote per share.

13. CAPITAL AND RESERVES (continued)

Statutory reserve

In accordance with the Company's Articles of Association, the Company sets aside 10% of net income in each year to statutory reserve until the reserve equals 30% of the share capital. This reserve is not available for distribution to the shareholders. The Company has met the requirements in the previous years and accordingly no transfer was made during the year.

Dividends

The shareholders in their meetings held on 25 March 2018, and 3 October 2018 resolved to distribute dividends of SR 350 million and SR 200 million respectively (2017: SR 602.6 million) which were paid to the shareholders during the year.

CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. The gearing ratio is as follows:

	31 December 2018	31 December 2017	1 January 2017
Total liabilities	**1,009,962,106**	944,008,581	811,179,364
Less: Cash and cash equivalents	**(170,073,301)**	(121,235,180)	(193,332,534)
Net debt	**839,888,805**	822,773,401	617,846,830
Total equity	**1,678,886,472**	1,627,470,533	1,508,833,830
Capital gearing ratio	**0.50**	0. 51	0.41

14. EMPLOYEE BENEFITS

The Group operates an approved unfunded employees' end of service benefits scheme for its permanent employees as required by Saudi Arabian Labour and Workmen law.

During the years ended 31 December 2018, 2017 and 2016, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labour and Workmen Law by using the projected unit credit method as required under IAS 19 "employee benefits".

14. EMPLOYEE BENEFITS (continued)

The present value of total employee benefits liability recognized in the consolidated Statement of Financial Position is determined as follows:

	31 December 2018	31 December 2017	1 January 2017
Employees' end of service benefits	**142,569,721**	125,856,900	113,256,136

Movement in net defined liability

The movement in the present value of the end-of-service benefits over the year is as follows:

	2018	2017	2016
Balance at 1 January	**125,856,900**	113,256,136	93,440,258
Included in profit or loss			
Current service cost	**18,197,955**	19,330,404	23,272,963
Interest cost	**5,185,916**	--	--
Total	**23,383,871**	19,330,404	23,272,963
Included in other comprehensive income			
Actuarial loss	**9,237,307**	--	--
Total	**9,237,307**	--	--
Transferred to Agents	**(8,484,771)**	--	--
Provision reclassified as liabilities associated with assets held for sale (Note 12)	**--**	(1,332,812)	--
Benefits paid	**(7,423,586)**	(5,396,828)	(3,457,085)
Balance at 31 December	**142,569,721**	125,856,900	113,256,136

Actuarial assumptions

The main actuarial assumptions used to calculate the indicative defined unfunded benefit plans liabilities are as follows (expressed as weighted averages):

	31 December 2018	31 December 2017	1 January 2017
Financial assumptions			
Discount rate (p.a.)	**4.5%**	4%	4.25
Future salary growth/ expected rate of salary increase (p.a.)	**4%**	3.49%	4.25%
Demographic assumptions			
Mortality (p.a.)	**0.37%**	0.37%	0.37%
Retirement age	**60**	65	65

At 31 December 2018, the weighted average duration of the defined benefit obligation was 8.13 years (2017: 8.81 years 2016: 9.53 years).

14. EMPLOYEE BENEFITS (continued)

Sensitivity analysis:

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions for 31 December 2018 is as follows:

	Impact on defined benefit obligation Increase / (decrease) in actual figures		
	31 December 2018	31 December 2017	1 January 2017
Financial assumptions			
Base	**142,569,721**	125,856,900	113,256,136
Discount rate increase 1%	**1,425,697**	1,258,569	1,132,561
Discount rate decrease by 1%	**(1,425,697)**	(1,258,569)	(1,132,561)
Future salary growth / expected rate of			
Bases	**142,569,721**	125,856,900	113,256,136
Salary increase by 1%	**1,425,697**	1,258,569	1,132,561
Salary decrease by 1%	**(1,425,697)**	(1,258,569)	(1,132,561)

15. ACCRUED EXPENSES, OTHER CURRENT LIABILITIES AND DEFERRED LEASE LIABILITY

	Note	**31 December 2018**	31 December 2017	1 January 2017
Deferred lease liabilities				
(Lease equalization reserve) – non current		**1,544,972**	1,544,972	1,091,791
Accrued expenses and other liabilities				
Due to related parties	17	**49,957,554**	52,862,141	30,520,736
Accrued expenses		**49,379,417**	28,643,027	29,330,384
Deferred revenue	15.a	**24,791,819**	27,752,778	19,303,734
Due to operated pharmacies – Agents		**31,334,048**	34,965,984	-
Lease equalization reserve		**941,305**	941,305	455,355
Other liabilities		**99,645,547**	60,203,140	55,503,353
Staff accrual		**144,390,848**	150,230,129	155,058,983
VAT payable		**63,790**	--	--
		400,504,328	355,598,504	290,172,545

15.a This amount represents the accrued revenue under the loyalty program that will be recognized when the customers redeem their earned points or when the points expire according to the terms and conditions of the program in accordance with the guidelines of IFRS 15.

16. LOANS AND BORROWINGS

	31 December 2018	31 December 2017	1 January 2017
Secured bank loans	**--**	-	200,000,000
	--	-	200,000,000

16.a As at 1 January 2017, the Group had credit facility agreements with local commercial banks for short term borrowings, letter of credits and guarantees facilities with a total amount of SR 260 million. Such facilities were obtained principally under Murabaha arrangements.

The facility agreements were collateralized by a promissory note amounting to 260 million and required the Group to deposit 50% of its sales proceeds in the Group's bank account in Saudi Holland Bank. The facilities bear financial charges on prevailing market rates at SIBOR plus 1.25%. The facility agreements contained covenants which, among other things, require a minimum net worth and certain financial ratios to be maintained. The used facility of SR 200 million was repaid during 2017.

17. RELATED PARTY TRANSACTIONS

a) The entire list of related parties have been provided below:

Name	**Relationship**
Tawjeeh Commercial Services and Investments Company Limited	Shareholder
Al Nahdi Holding Company Limited	Shareholder
Sakhaa Golden Company	Affiliate
Khuta Al Khair for Commercial Services Company Limited	Affiliate
Board of Directors	Those Charged with Governance

b) The significant transactions and the related amounts are as follows:

		Amount of transaction	
Name of entity	**Nature of transaction**	**2018**	2017
Sakhaa Golden Company	Expenses paid on behalf / services provided	**1,233,000**	12,723,694
		--	--
Khota Al Khair for Commercial Services Company Limited	Collections by the company on behalf of related parties	**--**	9,617,711
	Expenses paid on behalf / services provided	**1,671,587**	--
Al Nahdi Holding Company Limited	Transportation services	**--**	8,734,092
	Salaries and compensation	**25,299,996**	30,766,847

17. RELATED PARTY TRANSACTIONS (continued)

c) Due to related parties as at 31 December are comprised of the following:

	31 December 2018	31 December 2017	1 January 2017
Generosity Golden Company	**40,447,487**	41,680,487	28,956,793
Khota Al Khair for Commercial Services Company Limited	**9,510,067**	11,181,654	1,563,943
	49,957,554	52,862,141	30,520,736

d) Transactions with key management personnel

Key management personnel compensation comprised the following:

	2018	2017
Short term employee benefits	**25,299,996**	30,766,847
Retention plan accruals	**28,090,307**	22,554,491

Compensation to Group's key management personnel includes salaries and contributions to post-employment defined benefit plan.

18. COST OF SALES

	Note	**31 December 2018**	31 December 2017
Cost of goods sold		**4,459,689,406**	4,282,806,984
Cost of operating pharmacies		**760,962,574**	672,691,318
provision for slow moving items	8	**55,487,934**	4,629,903
		5,276,139,914	4,960,128,205

19. OTHER (LOSS) / INCOME

	31 December 2018	31 December 2017
Rental income	**3,431,095**	3,326,520
Scrap sale of inventory	**1,214,655**	1,777,228
Loss from write off of property	**(34,254,058)**	--
Other income	**8,930,652**	1,005,419
	(20,677,656)	6,109,167

20. SELLING AND MARKETING EXPENSES

	Note	**31 December 2018**	31 December 2017
Salaries and employees' benefits		**631,958,354**	662,559,075
Rent of sales outlets		**164,140,251**	159,086,266
Depreciation and amortization		**111,845,201**	60,078,316
Advertising and promotion		**50,597,571**	36,444,749
Utilities		**19,227,428**	20,879,567
Attestation of governmental expenses		**26,681,223**	17,951,353
Loading and packing expenses		**26,382,817**	32,204,750
Repair and maintenance		**12,499,421**	13,153,490
Expected credit loss provision	9	**9,871,317**	1,586,676
Communication		**2,779,711**	2,744,184
Entertainment		**4,349,802**	4,565,585
Professional fees		**611,507**	820,619
Other expenses		**44,785,339**	54,463,969
		1,105,729,942	1,066,538,599

21. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2018	31 December 2017
Salaries and employees' benefits	**143,086,758**	137,250,919
Depreciation and amortization	**31,196,656**	28,659,118
Repair and maintenance	**30,387,817**	23,322,808
Professional fees	**27,206,951**	11,473,071
Rents	**10,736,039**	6,500,421
Other expenses	**18,025,046**	4,175,671
Public relation	**88,987**	3,922,665
Attestation and government expenses	**8,670,193**	101,200
Board of directors remuneration	**25,299,996**	30,766,847
Communication	**3,694,845**	3,453,237
Entertainment expenses	**3,461,369**	23,336,997
	301,854,657	272,962,954

22. ZAKAT PROVISION

Zakat included in the consolidated Statement of Profit or loss and other comprehensive income are comprised of the following:

	31 December 2018	31 December 2017
Included in profit or loss		
Zakat		
- Current year	**28,143,673**	30,711,243

The movement in the zakat liability is as follows:

	Note	**December 2018**	December 2017	1 January 2017
Beginning of the year		**30,635,845**	29,494,574	25,151,640
Provision for the current year (Parent company)		**28,143,673**	23,644,576	21,953,412
Provision for the current year (Subsidiary)		**--**	4,762,908	3,000,000
Provision for the previous year		**--**	2,303,759	399,266
Payments during the year		**(21,723,380)**	(25,069,972)	(21,009,744)
Classified as liabilities related to disposal group	12	**--**	(4,500,000)	--
End of the year		**37,056,138**	30,635,845	29,494,574

Components of zakat base - Parent

The principal elements of the zakat base are as follows:

	31 December 2018	31 December 2017
Equity, beginning of the year	**1,094,320,378**	919,519,193
Adjusted net income	**727,540,141**	793,410,373
Provisions at the beginning of the year	**155,865,539**	170,424,438
Less:		
Property and equipment and intangible assets , as adjusted	**(647,654,428)**	(794,202,409)
Investment in properties	**(194,894,184)**	--
Investments	**--**	(143,368,542)
Zakat base	**1,135,177,446**	945,783,053
Zakat for the year	**28,143,673**	23,644,576

Some of these amounts have been adjusted in arriving at the zakat charge for the Parent Company.

22. ZAKAT PROVISION (continued)

22.1 Status of final assessments

Al Nahdi Medical Company

Years from 2003 to 2009
Zakat assessment has been finalized with GAZT for years up to 2009. The company has submitted its Zakat returns and obtained restricted zakat certificates for these years.

Years from 2010 to 2012
The Company has submitted its Zakat returns and obtained restricted Zakat certificates for years from 2010 to 2012.

GAZT issued assessment for these years with additional Zakat differences of SR 7,603,489. The company has settled SR 5,013,870 and submitted objection for SR 2,589,619.

GAZT reviewed the objection and issued re-assessment with additional zakat differences of SR 2,303,758. The company submitted objection to the Internal Committee for Settlement Tax and Zakat disputes for those years. The matter is under consideration with the Committee

Years from 2013 to 2017
The company has submitted its Zakat returns and obtained restricted Zakat certificates. The GAZT has not initiated any Zakat assessment proceedings for these years.

Al Nahdi Care

The subsidiary was established during 2018 and has not completed one year yet as at 31 December 2018 and has not yet started any operations, accordingly there is no zakat due.

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT

The Group has no financial assets or liabilities measured at fair value, all its financial assets and liabilities are measured at amortized cost as follows:

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

31 December 2018		Fair value				
Description	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Amortized cost**	**Total**
Financial assets						
Cash and cash equivalents	**170,073,301**	--	--	--	**170,073,301**	**170,073,301**
Investment at amortized cost	**200,359,333**	--	--	--	**200,359,333**	**200,359,333**
Trade receivables	**105,913,619**	--	--	--	**105,913,619**	**105,913,619**
	476,346,253	--	--	--	**476,346,253**	**476,346,253**
Financial liabilities						
Trade and other payables	**428,286,947**	--	--	--	**428,286,947**	**428,286,947**
Deferred rent liability	**1,544,972**	--	--	--	**1,544,972**	**1,544,972**
	429,831,919	--	--	--	429,831,919	429,831,919

31 December 2017		Fair value				
Description	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Amortized cost**	**Total**
Financial assets						
Cash and cash equivalents	121,235,180	--	--	--	121,235,180	121,235,180
Trade receivables	107,877,714	--	--	--	107,877,714	107,877,714
	229,112,894	--	--	--	**229,112,894**	**229,112,894**
Financial liabilities						
Trade and other payables	422,623,190	--	--	--	422,623,190	422,623,190
Deferred rent liability	1,544,972	--	--	--	1,544,972	1,544,972
	424,168,162	--	--	--	**424,168,162**	**424,168,162**

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

1 January 2017		Fair value				
Description	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Amortized costs**	**Total**
Financial assets						
Cash and cash equivalents	193,332,534	--	--	--	193,332,534	193,332,534
Trade receivables	93,940,524	--	--	--	93,940,524	93,940,524
	287,273,058	--	--	--	287,273,058	287,273,058
Financial liabilities						
Trade and other payables	177,164,318	--	--	--	177,164,318	177,164,318
Deferred rent liability	1,091,791	--	--	--	1,091,791	1,091,791
Loans and borrowings	200,000,000	--	--	--	200,000,000	200,000,000
	378,256,109	--	--	--	**378,256,109**	**378,256,109**

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and equity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies, evaluates financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Financial instruments carried on the consolidated Statement of Financial Position include cash and bank balances and investment at amortized cost, trade and other receivables, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: cash flow interest rate risk, currency risk and equity price risk.

a) Cash flow interest rate risk

Cash flow interest rate risks are the exposures to various risks associaed with the effect of fluctuations in the prevailing interest rates on the Group's consolidated Statement of Financial Position and cash flows. Management monitors the changes in interest rates and believes that the cash flow interest rate risks to the Group are not significant.

Currently, the Group does not have any borrowings.

b) Currency risk

Currency risk is the risk that the value of a financial instrument denominated in foreign currencies will fluctuate due to changes in foreign exchange rates, in case the Group does not hedge its currency exposure by means of hedging instruments.

The Group's transactions are principally in Saudi Riyals. Other transactions in foreign currencies are not material and hence the Group is not exposed to any significant currency risk.

c) Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate due to changes in equity prices. The Group is not exposed to equity price risk as the Group does not hold investments in equity securities.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's principal financial assets subject to credit risk are bank balances, investment at amortized cost and trade and other receivables.

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Credit risk arises from the possibility that assets could be impaired because counter parties cannot meet their obligations in transactions involving financial instruments. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular segment of customers. The Group has established procedures to manage credit exposure including credit approvals and credit limits. These procedures are mainly due to the Group's internal guidelines. An impairment allowance is maintained on trade receivables based on the "Expected Credit Loss" model. The allowance is measured based on the lifetime expected credit losses (simplified approach) as these do not contain a significant financing component.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	31 December 2018	31 December 2017	1 January 2017
Financial assets			
Cash and cash equivalents	**170,073,301**	121,235,180	193,332,534
Investment at amortized cost	**200,359,333**	--	--
Trade receivables	**105,913,619**	107,877,714	93,940,524
	476,346,253	229,112,894	287,273,058

Trade receivables are majorly from reputed insurance companies with strong financial position. They are carried net of expected credit loss provisions.

	31 December 2018	31 December 2017	1 January 2017
Financial assets			
- Secured	**370,432,634**	121,235,180	193,332,534
- Unsecured	**105,913,619**	107,877,714	93,940,524
	476,346,253	229,112,894	287,273,058

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

The ageing of unsecured overdue trade receivables out of which a significant portion is expected to be recovered and against which adequate provision has also been made, are as follows:

	31 December 2018	Allowance for credit loss	31 December 2017	Allowance for credit loss	1 January 2017	Allowance for credit loss
0-90 days	**100,075,978**	--	82,026,308	--	46,933,353	--
91-180 days	**10,532,142**	4,694,501	25,818,812	--	21,545,351	--
181-360 days	**5,078,144**	5,078,144	2,299,011	2,266,417	5,661,168	3,253,287
More than 360 days	**3,812,492**	3,812,492	5,976,680	5,976,680	4,763,912	4,763,912
Balance at the end of the year	**119,498,756**	13,585,137	116,120,811	8,243,097	78,903,784	8,017,199

Apart from the above, the remaining trade receivables are current and considered recoverable.

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 an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring the maturity profile of the Group's consolidated financial instruments to ensure that adequate liquidity is maintained or made available, as necessary to the Group.

The Group has no significant concentration of liquidity risk. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets.

The Group's financial liabilities primarily consist of accounts payable and other liabilities. All these financial liabilities are expected to be settled within 12 months from the reporting date and the Group expects to have adequate liquid funds to do so.

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at 31 December. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

31 December 2018	Carrying amount	1 year or less	1 to 3 years	More than 3 years
Non derivative financial liabilities				
Trade payables	**428,286,947**	**428,286,947**	**--**	**--**
Due to related parties	**49,957,554**	**40,447,487**	**--**	**--**
Due to agents	**31,334,048**	**40,844,115**	**--**	**--**
Other liabilities	**294,420,907**	**294,420,907**	**--**	**--**
	803,999,456	**803,999,456**	**--**	**--**

31 December 2017	Carrying amount	1 year or less	1 to 3 years	More than 3 years
Non derivative financial liabilities				
Trade payables	422,623,190	422,623,190	--	--
Due to related parties	52,862,141	52,862,141	--	--
Due to agents	34,965,984	34,965,984	--	--
Other liabilities	240,017,601	240,017,601	--	--
	750,468,916	**750,468,916**	--	--

1 January 2017	Carrying amount	1 year or less	1 to 3 years	More than 3 years
Non derivative financial liabilities				
Trade payables	177,164,318	177,164,318	--	--
Loans and borrowings	200,000,000	200,000,000	--	--
Due to related parties	29,330,384	29,330,384	--	--
Other liabilities	240,348,075	240,348,075	--	--
	646,842,777	**646,842,777**	--	--

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

24. OPERATING LEASE ARRANGEMENTS

Rental expenses

	31 December 2018	31 December 2017
Payments under operating leases recognized as an expense during	**174,876,290**	170,559,337

The above operating lease payments represent rentals payable by the Group for certain offices, warehouses and outlets.

Commitments for minimum rental payments under operating leases are as follows:

	31 December 2018	31 December 2017	1 January 2017
Less than one year	**111,809,256**	162,382,715	152,974,478
Between one and five years	**17,080,620**	600,000	200,000
	128,889,876	162,982,715	153,174,478

Rental income

These operating lease payments represent rentals receivable by the Group for certain properties. Leases are negotiated for an average term of 5 years and are fixed for an average of 5 years.

	31 December 2018	31 December 2017
Revenue under operating leases recognized as other income during the year	**3,431,095**	3,326,520
	3,431,095	3,326,520

Operating lease revenues represent rental receivables by the Group for certain properties and equipment, all of which expire within one year.

25. COMMITMENTS AND CONTINGENCIES

The Group had the following commitments:

	31 December 2018	31 December 2017	1 January 2017
Capital expenditure	**24,514,500**	2,000,000	1,500,000

a) At 31 December 2018, the Group had an agreement with a consultant company for the decoration of the new building.

b) At 31 December 2018, the Company had outstanding bank letter of credits of SR 8 million (2017: SR 40 million) issued against certain purchase of medical equipment and other supplies.

26. BUSINESS SEGMENTS

The group is an operating in the Kingdom of Saudi Arabia and is engaged in the sale of cosmetics and pharmaceuticals goods, as well as medical equipment through its pharmacies and through operated pharmacies (agent) as follows:

	Al Nahdi Medical Company Pharmacies	**Agents**	**Total**
As of December 31, 2018			
Sales	**2,648,545,745**	**4,701,457,442**	**7,350,003,187**
Cost of sales	**(1,822,261,366)**	**(3,453,878,548)**	**(5,276,139,914)**
Gross profit	**826,284,379**	**1,247,578,894**	**2,073,863,273**

	Al Nahdi Medical Company Pharmacies	Agents	Total
As of December 31, 2017			
Sales	2,852,926,891	4,203,496,264	7,056,423,155
Cost of sales	(1,834,395,525)	(3,125,732,680)	(4,960,128,205)
Gross profit	1,018,531,366	1,077,763,584	2,096,294,950

Cost of sales for Agents included operating costs amounting to SR 638 million (2017: SR 595 million).

27. STANDARD ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group is currently assessing the implications of the below mentioned standards and amendments on its financial statements and the related timing of adoption.

Following is a summary of the new IFRS and amendments to IFRS effective for annual periods beginning on or after 1 January 2019.

a) New accounting standards

IFRS 16 – Leases:

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. However, this exemption can only be applied by lessee. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing lease guidance including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

27. STANDARD ISSUED BUT NOT YET EFFECTIVE (continued)

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16.

That IFRS 16 is expected to have a significant impact and currently the management is assessing the impact on the consolidated financial statements of the Group.

b) Amendments to existing standards

IFRIC 22 – "Foreign Currency Transactions and Advance Consideration", the interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration.

Annual Improvements to IFRSs 2015–2017 Cycle

- IFRS 3 Business Combinations – A company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11 Joint Arrangements – A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes – A company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23 Borrowing Costs – A company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Other Amendments

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- FRIC 23 Uncertainty over Tax Treatments.
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).
- Amendments to References to Conceptual Framework in IFRS Standards.
- IFRS 17 Insurance Contracts.

28. FIRST TIME ADOPTION OF IFRS

As stated in note (2), these are the Group's first consolidated financial statements prepared in accordance with IFRS 1, *First-Time Adoption of International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia*.

The accounting policies set out in note 3 have been applied in preparing the consolidated financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of an opening IFRS consolidated Statement of Financial Position at 1 January 2017 (the Group's date of transition).

In preparing its opening IFRS consolidated Statement of Financial Position, the Group has adjusted amounts reported previously in consolidated financial statements prepared in accordance with SOCPA standards. An explanation of how the transition from SOCPA standards to IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

28. FIRST TIME ADOPTION OF IFRS (continued)

a) The following is a reconciliation of the Group's consolidated statement of financial position reported in accordance with pre-convergence GAAP to the consolidated statement of financial position under IFRS as endorsed in the Kingdom of Saudi Arabia as at 31 December 2017.

31 December 2017	Under Note (28)	31 December 2017 under pre-convergence GAAP	Effect of transition to IFRS	Reclassification	31 December 2017 IFRS
Assets					
Property and equipment	h	801,592,274	--	(38,808,312)	762,783,962
Intangible assets	h-f	21,289,039	--	23,276,417	44,565,456
Other non-current assets	f	--	--	13,704,126	13,704,126
Non-current assets		822,881,313	--	(1,827,769)	821,053,544
Inventories	i-j	1,240,141,376	(13,495,563)	--	1,226,645,813
Trade and other receivables		107,877,714	--	--	107,877,714
Other current assets	e-g-k	297,615,631	--	(35,826,095)	261,789,536
Cash and cash equivalents		121,235,180	--	--	121,235,180
		1,766,869,901	(13,495,563)	(35,826,095)	1,717,548,243
Assets held for sale		32,877,327	--	--	32,877,327
Current assets		1,799,747,228	(13,495,563)	(35,826,095)	1,750,425,570
Total assets		**2,622,628,541**	**(13,495,563)**	**(37,653,864)**	**2,571,479,114**
Equity					
Share capital		50,000,000	--	--	50,000,000
Reserves		25,000,000	--	--	25,000,000
Retained earnings	m	1,569,320,378	(15,981,840)	(868,005)	1,552,470,533
Total equity		1,644,320,378	(15,981,840)	(868,005)	1,627,470,533
Liabilities					
Employee benefits		125,856,900	--	--	125,856,900
Deferred lease liability	d	--	2,486,277	(941,305)	1,544,972
Non-current liabilities		125,856,900	2,486,277	(941,305)	127,401,872
Zakat provision		30,635,845	--	–	30,635,845
Trade and other payables	k	459,409,049	--	*(36,785,859)*	422,623,190
Other current liabilities	d	354,657,199	--	941,305	355,598,504
		844,702,093	--	(35,844,554)	808,857,539
Liabilities directly associated with assets held for sale		7,749,170	--	--	7,749,170
Current liabilities		852,451,263	--	(35,844,554)	816,606,709
Total liabilities		978,308,163	2,486,277	(35,844,554)	944,008,581
Total equity and liabilities		**2,622,628,541**	**(13,495,563)**	**(37,653,864)**	**2,571,479,114**

28. FIRST TIME ADOPTION OF IFRS (continued)

b) The following is a reconciliation of the Group's consolidated statement of financial position reported in accordance with pre-convergence GAAP to the consolidated statement of financial position under IFRS as endorsed in the Kingdom of Saudi Arabia as at 1January 2017.

1 January 2017	Under Note (28)	31 December 2017 under pre-convergence GAAP	Effect of transition to IFRS	Reclassifi-cation	1 January 2017 IFRS
Assets					
Property and equipment	h-l	754,777,014	--	(42,808,322)	711,968,692
Intangible assets	h-f	32,370,399	--	34,893,573	67,263,972
Other non-current assets	f	--	--	6,728,223	6,728,223
Non-current assets		787,147,413	--	(1,186,526)	785,960,887
Inventories	i-j	1,004,655,548	(11,149,463)	--	993,506,085
Trade and other receivables		93,940,524	--	--	93,940,524
Other current assets	e-g-k	291,392,843	--	(38,119,679)	253,273,164
Cash and cash equivalents		193,332,534	--	--	193,332,534
Current assets		1,583,321,449	(11,149,463)	(38,119,679)	1,534,052,307
Total assets		**2,370,468,862**	**(11,149,463)**	**(39,306,205)**	**2,320,013,194**
Equity					
Share capital		50,000,000	--	--	50,000,000
Reserves		25,000,000	--	--	25,000,000
Retained earnings	*m*	1,447,119,193	(12,696,609)	(588,754)	1,433,833,830
Total equity		1,522,119,193	(12,696,609)	(588,754)	1,508,833,830
Liabilities					
Employee benefits		113,256,136	--	--	113,256,136
Deferred lease liability	d	--	1,547,146	(455,355)	1,091,791
Non-current liabilities		113,256,136	1,547,146	(455,355)	114,347,927
Loans and borrowings		200,000,000	--	--	200,000,000
Zakat provision		29,494,574	--	--	29,494,574
Trade and other payables	k	215,881,769	--	(38,717,451)	177,164,318
Other current liabilities	d	289,717,190	--	455,355	290,172,545
Current liabilities		735,093,533	1,547,146	(38,262,096)	696,831,437
Total liabilities		848,349,669	1,547,146	(38,262,096)	811,179,364
Total equity and liabilities		**2,370,468,862**	**(11,149,463)**	**(39,306,205)**	**2,320,013,194**

28. FIRST TIME ADOPTION OF IFRS (continued)

c) The following are the reconciliation of consolidated Statement of Profit or loss and other comprehensive income for the year ended 31 December 2017

	Under Note (28)	*31 December 2017 under pre-convergence GAAP*	*Effect of transition to IFRS*	*Reclassification*	*31 December 2017 IFRS*
Revenue		7,056,423,155	--	--	7,056,423,155
Cost of sales	i-j	(4,953,301,574)	(6,826,631)	--	(4,960,128,205)
Gross profit		2,103,121,581	(6,826,631)	--	2,096,294,950
Other income	e	6,026,270	82,897	--	6,109,167
Selling and marketing expenses	i	(1,071,019,130)	4,480,531	--	(1,066,538,599)
General and administrative expenses	d-f-l-g	(240,794,476)	(1,040,331)	(361,300)	(242,196,107)
Board of Directors remuneration		(30,766,847)	--	--	(30,766,847)
Operating profit		766,567,398	(3,303,534)	(361,300)	762,902,564
Finance income	g	--	100,352		100,352
Finance costs		(11,054,970)	--	--	(11,054,970)
Net finance cost		(11,054,970)	100,352	--	(10,954,618)
Profit before zakat		755,512,428	(3,203,182)	(361,300)	751,947,946
Zakat		(30,711,243)	--	--	(30,711,243)
Profit for the period		**724,801,185**	**(3,203,182)**	**(361,300)**	**721,236,703**
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Re-measurements of defined benefit	*14*	--	--	--	--
Other comprehensive loss for the year		--	--	--	--
Total comprehensive income for the year		**724,801,185**	**(3,203,182)**	**(361,300)**	**721,236,703**

d) Straight lining of lease rentals

IAS 17 *Leases* requires lease payments under an operating lease to be recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Hence on transition to IFRS, the Group has recognized the escalations in lease rentals over the lease term on a straight-line basis. Consequently, the Group has recognized a lease rent equalization reserve (liability) of SR 1,547,146 with a corresponding decrease in retained earnings on the date of transition. For the comparative period there has been an increase in the rent expenditure of SR 939,131 with a corresponding increase in lease rent equalization reserve (liability).

28. EXPLANATION OF TRANSITION TO IFRS (continued)

e) Straight lining of lease income from sub-leasing

IAS 17 *Leases* requires lease income under an operating lease to be recognized as an income on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which the benefit derived from the lease is diminished. Hence on transition to IFRS, the Group has recognized escalations in lease income over the lease term on a straight-line basis. Consequently, the Group has recognized a rent receivable (asset) of SR 104,847 with a corresponding increase in retained earnings on the date of transition. For the comparative period there has been an increase in the rent income of SR 82,897 with a corresponding increase in rent receivable 22,457 and increase in the comparative period with the amount of 57,889 (asset) .

f) Re-classification of key money payments from intangible assets to lease prepayments

As at 1 January 2017, the Group has reclassified key money payments from intangible assets to lease prepayments (current and non-current). Consequently, the amortization period of the key money payments were revised to the lease term and the key money payments are amortized over the lease term as an operating lease expense. The effect was decrease of SR 6,993,247 from intangible assets and increase of SR 6,993,247 to Non-current lease prepayments asset. Further, there was an increase in the carrying value of the key money payments of SR 265,025 with a corresponding decrease in retained earnings on the date of transition. As at 31 December 2017, there has been a decrease of SR 7,090,368 from intangible assets. The effect was decrease of SR 575,315 from intangible assets and increase of SR 575,315 to current lease prepayments asset. As at 31 December 2017, there has been a decrease of SR 304,103 from intangible assets.

The impact from the amortization period was an increase in the amortization expense of SR 157,627 with a corresponding decrease in the carrying value of the lease other non-current assets. Further there is an increase in the amortization expense of SR 221,862 with a corresponding decrease in the carrying value of the lease prepayments asset.

g) Fair valuation of lease deposits

IFRS 9 *Financial Instruments* requires all financial assets to be measured at its fair value on initial recognition. Subsequently, the financial asset shall be recorded at amortized cost using Effective Interest Rate (EIR) methodology which would result in recognition of interest income. The difference between the fair value and the transaction value on initial recognition shall be recorded as prepaid asset and amortized over the contractual term. Under SOCPA, lease deposits were recorded at transaction value. On transition to IFRS, the Group has fair valued on initial recognition its lease deposits which resulted in the recognition of a prepaid rent of SR 266,875, a decrease of SR 7,595 in retained earnings and a decrease in the carrying value of lease deposits of SR 274,470 as on the date of transition. For the comparative period there has been a net increase of SR 848 this amount is net off (101,200 rent expenses and 100,352) finance income in profit, an increase of SR 39,140 in the carrying value of lease deposits and a decrease of SR 39,988.

h) Re-classification of computer software from property and equipment to intangible assets

On 1 January 2017, the Group has reclassified certain items of computer software that were classified as property and equipment to intangible assets. The effect was a decrease of SR 42,387,341 (31 December 2017: SR 38,247,893) from property and equipment and a corresponding increase to intangible asset on the date of transition. The impact of review of useful lives as at 1 January 2017 was SR 420,981 (31 December 2017: SR 560,419).

28. EXPLANATION OF TRANSITION TO IFRS (continued)

i) Inventory valuation - Capitalization of transportation costs

IAS 2 *Inventories* requires all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition to be capitalized as part of inventory. Under SOCPA, the Group had accounted for the transportation cost as period cost and were expensed off immediately. On transition to IFRS, transportation costs pertaining to unsold inventory has been capitalized on 1 January 2017. This has resulted in an increase of SR 5,029,307 to inventory on the date of transition with a corresponding increase to retained earnings. As at 31 December 2017, transportation cost pertaining to unsold inventory amounted to SR 4,480,531. The net impact of reversal of transition date entry and capitalization of unsold inventory as at 31 December 2017 was a decrease of SR 548,776 to inventory with a corresponding decrease to profit.

j) Inventory valuation – Discounts / incentives received

IAS 2 *Inventories* requires trade or volume discounts and rebates to be deducted from the costs of purchase of inventory. Under SOCPA, the Group had reduced the trade or volume discounts from cost of goods sold. On transition to IFRS. On 1 January 2017, the discounts relating to unsold inventory was reduced from the carrying value of inventory. This has resulted in a decrease in the carrying value of inventory of SR 16,178,770 with a corresponding decrease in retained earnings on the date of transition. For the comparative period, trade or volume discounts pertaining to unsold inventory amounted to SR 17,976,094. The net impact of reversal of transition date entry and reduction of trade or volume discounts from the unsold inventory as at 31 December 2017 was a decrease in the carrying value of inventory of SR 1,797,324 with a corresponding decrease in profit.

k) Incentives given to pharmacists by suppliers

IAS 32 Financial Instruments – Presentation states that a financial asset and a financial liability shall be offset and the net amount presented in the consolidated financial statements when and only when an entity:

a) Currently has a legally enforceable right to offset the recognized amounts; and
b) Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

On transition to IFRS, the Group has offset the receivable for the incentives paid to its pharmacists with the payable to the suppliers for purchases made. This has resulted in decrease in receivables of SR 38,717,451 with a corresponding decrease in payables on the date of transition. For the comparative period, there was an increase in receivables of SR 1,931,592 with a corresponding decrease in payables.

l) Depreciation of leasehold improvements - Decorations

IAS 17 Leases requires leasehold improvements to be depreciated over the shorter of lease term and useful life of the asset. On transition to IFRS, there has been a decrease in the carrying value of leasehold improvements of SR 420,981 and a corresponding decrease in retained earnings on the date of transition. For the comparative period, there has been a decrease in leasehold improvements of SR 139,437 with a corresponding increase in depreciation expense.

28. EXPLANATION OF TRANSITION TO IFRS (continued)

m) The following is a reconciliation of the Group's retained earnings reported in accordance with pre-convergence GAAP to its consolidated statement of financial position under IFRS as endorsed in the Kingdom of Saudi Arabia.

	Under Note (28)	Effect on retained earnings Increase (decrease) (SR)
Effect on total retained earnings as at 1 January 2017:		
Retained earnings according to previous GAAP		1,447,119,193
Straight lining lease rentals	d	(1,547,146)
Straight lining of lease income from sub-leasing	e	104,847
Key money payments - revision of useful life	f	(265,025)
Depreciation of leasehold improvements	l	(420,981)
Fair valuation of lease deposits	g	(7,595)
Inventory valuation - Capitalization of transportation costs	i	5,029,307
Inventory valuation – Discounts / incentives received	j	(16,178,770)
Net decrease in total equity as at 1 January 2017		(13,285,363)
Total equity according to IFRS		1,433,833,830
Effect on total Retained earnings as at 31 December 2017:		
Retained earnings according to previous GAAP		1,569,320,378
Straight lining lease rentals	d	(1,547,146)
Straight lining of lease income from sub-leasing	e	104,847
Fair valuation of lease deposits	g	(7,595)
Depreciation of leasehold improvements	l	(420,981)
Key money payments - revision of useful life	f	(265,024)
Inventory valuation - Capitalization of transportation costs	i	5,029,307
Inventory valuation – Discounts / incentives received	j	(16,178,770)
Straight lining of lease rentals	d	(939,131)
Straight lining of lease income	e	82,893
Key money payments - revision of useful life	f	(221,862)
Depreciation of leasehold improvements	l	(139,437)
Fair valuation of lease deposits	g	(848)
Capitalization of movement cost	i	(548,775)
Adjustment of discount received on inventory	j	(1,797,323)
Net decrease in total equity as at 31 December 2017		(16,849,845)
Total equity according to IFRS		1,552,470,533

29. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Group's Board of Directors on Ramadan 23, 1440H, corresponding to May 28, 2019.

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2019
with
INDEPENDENT AUDITORS' REPORT

KPMG Al Fozan & Partners
Certified Public Accountants
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Prince Sultan Street
PO Box 55078
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Kingdom of Saudi Arabia

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Internet www.kpmg.com/sa

License No. 46/11/323 issued 11/3/1992

Independent Auditors' Report

To the Shareholders of Al Nahdi Medical Company

Opinion

We have audited the consolidated financial statements of Al Nahdi Medical Company-Limited liability company- ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' 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.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, Company's Article of association, the applicable requirements of the Regulations for Companies 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, the audit committee are responsible for overseeing the Group's financial reporting process.

KPMG

Independent Auditors' Report

To the Shareholders of Al Nahdi Medical Company (continued)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the (consolidated) financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Al Nahdi Medical Company ("the Company") and its subsidiary ("the Group").

For KPMG Al Fozan & Partners
Certified Public Accountants

Ebrahim Oboud Baeshen
License No: 382

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محاسبون ومراجعون قانونيون
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KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

Jeddah on 15 Dhul Qadah 1441H
Corresponding to 6 July 2020

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019
(Expressed in Saudi Arabian Riyals)

	Note	2019	2018
Assets			
Property and equipment	5	**645,519,798**	582,986,046
investments Properties	6	**193,000,000**	194,894,184
Intangibles	8	**35,080,158**	40,118,517
Right-to-use assets	7	**1,306,061,068**	--
Prepayments and other assets - non-current	9	**7,227,298**	9,017,970
Non-current assets		**2,186,888,322**	827,016,717
Inventories	10	**1,133,868,281**	1,131,927,417
Trade receivables	11	**139,141,278**	105,913,619
Prepayment and other assets - current	9	**151,389,245**	253,558,191
Financial investments at amortized cost	13	**202,831,643**	200,359,333
Cash and cash equivalent	12	**372,353,599**	170,073,301
Current assets		**1,999,584,046**	1,861,831,861
Total assets		**4,186,472,368**	2,688,848,578
Shareholders' equity			
Share capital	14	**50,000,000**	50,000,000
Statuary reserve	14	**25,000,000**	25,000,000
Retained earnings		**1,709,402,513**	1,603,886,472
Total equity		**1,784,402,513**	1,678,886,472
Liability			
Employee benefit liabilities	15	**168,829,324**	142,569,721
Deferred lease liabilities	16	**--**	1,544,972
Lease liabilities	7	**984,409,971**	--
Non-current liabilities		**1,153,239,295**	144,114,693
Lease liabilities	7	**233,227,439**	--
Provision for zakat	22	**78,440,176**	37,056,138
Trade payables		**512,758,446**	428,286,947
Accrued expenses and other current liabilities	16	**424,404,499**	400,504,328
Current liability		**1,248,830,560**	865,847,413
Total liabilities		**2,402,069,855**	1,009,962,106
Total equity and liabilities		**4,186,472,368**	2,688,848,578

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Finance Director | CEO | Authorized board member

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019
(Expressed in Saudi Arabian Riyals)

	Note	**2019**	2018
Revenues		**7,824,673,714**	7,350,003,187
Cost of sales	18	**(5,360,960,669)**	(5,276,139,914)
Gross profit		**2,463,713,045**	2,073,863,273
Other income / (losses)	19	**26,602,347**	(20,677,656)
Selling and marketing expenses	20	**(1,352,227,637)**	(1,105,729,942)
General and administration expense	21	**(310,199,702)**	(301,854,657)
Impairment loss of property and equipment	5	**(14,269,836)**	--
Operating income		**813,618,217**	645,601,018
Finance income		**12,262,536**	--
Finance costs		**(55,354,221)**	(6,804,099)
Net finance revenues (costs)		**(43,091,685)**	(6,804,099)
Impairment of investment property	6	**(1,894,184)**	--
Profit before zakat		**768,632,348**	638,796,919
Zakat	22	**(76,629,885)**	(28,143,673)
Profit for the year		**692,002,463**	610,653,246
Other Comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurements of defined benefits	15	**(21,903,558)**	(9,237,307)
Other comprehensive loss for the year		**(21,903,558)**	(9,237,307)
Total comprehensive income for the year		**670,098,905**	601,415,939

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Finance Director | CEO | Authorized board member

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019
(Expressed in Saudi Arabian Riyals)

	Note	Share capital	Statutory reserve	Retained earnings	Total equity
Balance at 1 January 2018		**50,000,000**	**25,000,000**	**1,552,470,533**	**1,627,470,533**
Comprehensive income for the year					
Profit for the year		--	--	610,653,246	610,653,246
Other comprehensive loss		--	--	(9,237,307)	(9,237,307)
Total comprehensive income		--	--	601,415,939	601,415,939
Transaction with shareholders					
Dividends	14	--	--	(550,000,000)	(550,000,000)
Balance at 31 December 2018		50,000,000	25,000,000	1,603,886,472	1,678,886,472
Adjusted balance at 1 January 2019		**50,000,000**	**25,000,000**	**1,603,886,472**	**1,678,886,472**
Effect of the adoption of IFRS 16	3	--	--	(64,582,864)	(64,582,864)
At 1 January 2018 (adjusted)		50,000,000	25,000,000	1,539,303,608	1,614,303,608
Comprehensive income for the year					
Profit for the year		--	--	692,002,463	692,002,463
Other comprehensive loss		--	--	(21,903,558)	(21,903,558)
Total comprehensive income		--	--	670,098,905	670,098,905
Transaction with shareholders			--		--
Transferred from retained earnings					
Dividends	14	--	--	(500,000,000)	(500,000,000)
Total		--	--	(500,000,000)	(500,000,000)
Balance at 31 December 2019		**50,000,000**	**25,000,000**	**1,709,402,513**	**1,784,402,513**

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Finance Director	CEO	Authorized board member

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019
(Expressed in Saudi Arabian Riyals)

	Note	2019	2018
Cash flows from operating activities			
Profit before zakat		**768,632,348**	638,796,919
Adjustment for:			
Depreciation	5	**130,481,690**	118,077,686
Amortisation	8	**21,481,957**	24,964,172
Write off of property and equipment	5	**2,245,565**	--
Write-offs of intangible assets		**--**	1,650
Loss from the disposal of property and equipment	19	**2,259,348**	34,254,058
Impairment loss of property and equipment	5	**14,269,836**	--
Impairment of investment property	6	**1,894,184**	--
Employee benefit liabilities for the year	15	**24,362,583**	23,383,871
Provision for slow moving items	10	**31,189,755**	55,487,934
Amortization of right to use Assets	7	**343,362,739**	--
Allowance for expected credit losses (ECL)	11	**25,000,000**	9,871,317
Finance costs		**55,354,221**	--
Amortisation of prepayments and other assets		**1,790,672**	--
		1,422,324,898	904,837,607
Changes in			
Inventories		**(33,130,619)**	49,617,662
Trade receivables		**(58,227,659)**	1,964,095
Prepayments and other assets		**(26,655,828)**	18,363,933
Trade payables		**84,471,499**	5,663,757
Accrued expenses and other current liabilities		**22,355,199**	28,671,883
Cash generated from operating activities		**1,411,137,490**	1,009,118,937
Finance costs paid		**(7,818,662**	--
Paid employees' benefits	15	**(20,006,538)**	(7,423,586)
Zakat paid	22	**(35,245,847)**	(21,723,380)
Net cash generated in operating activities		**1,348,066,443**	979,971,971
Cash flows from investing activities			
Proceeds from disposal of property and equipment		**6,183,714**	--
Purchase of property and equipment	5	**(217,973,905)**	(162,496,893)
Acquisition of Intangible assets	8	**(16,443,598)**	(20,518,883)
Investment at amortized cost		**(2,472,310)**	(200,359,333)
Net cash used in investing activities		**(230,706,099)**	(383,375,109)
Cash flows from financing activities			
Payment of lease obligations	7	**(415,080,046)**	--
Dividend paid	14	**(500,000,000)**	(550,000,000)
Net cash used in financing activities		**(915,080,046**	(550,000,000)
Net change in cash and cash equivalents		**202,280,298**	46,596,862
Cash and cash equivalents as at the beginning of the year		**170,073,301**	121,235,180
Cash and cash equivalents classified as held for sale		**--**	2,241,259
Cash and cash equivalents at 31 December		**372,353,599**	170,073,301
Non-cash transactions:			
Employees benefits transferred to agents	15	**21,903,558**	8,484,771
Inventories		**--**	20,258,517
Prepayments and other non-current assets		**--**	5,446,432
Accrued expenses and other current liabilities		**--**	(7,749,170)
Additions of property and equipment		**--**	4,931,119
Impact of adoption of IFRS (16)	3	**64,582,864**	--

The attached notes 1 to 27 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Finance Director	CEO	Authorized board member

1. REPORTING ENTITY

Al Nahdi Medical Company ("the Company") is a Saudi Limited Liability Company (LLC) formed under Regulations for Companies in the Kingdom of Saudi Arabia ('KSA') under Commercial Registration No. 4030053868 dated 5 Shabaan 1424H (1 October 2003). The Company is operating in accordance with the Ministry of Health License No. 26-101-31-67-3 dated 22 Dhu-Hijja, 1424H (28 December 2003).

The principal activity of the Company is the wholesale and retail trading of cosmetics, pharmaceutical products and medical equipment. In addition, the Group also manages and operates external parties' pharmacies through its other branches and through other agents.

These consolidated financial statements include the financial statements of the Company and its subsidiaries and the following subsidiary (thereinafter collectively referred to as the "Group"):

Subsidiary Name	County of incorporation	Principal business	Ownership (%) 2019	2018
Al Nahdi Care*	KSA	Clinics	**100%**	100%
Nahdi Investment Company**	UAE	Holding company	**100%**	--

*On 5th of July 2018 the Company established a new company, Al Nahdi Care ("the Subsidiary"). According to the Articles of Association of the subsidiary, the Company owns 100% of the share capital of the subsidiary. The subsidiary's principal activity is operating specialized medical clinics. The Company has commenced its activities in 2019 with a capital of fifty thousand Saudi Riyals.

** On March 27, 2019, the Company established Nahdi Investment Company in accordance with the Articles of Association of the subsidiary Company and the Company owns 100% of the shares in the subsidiary, including the main activities of the subsidiary of investing and owning of health and commercial projects. The Company started its activities during the year 2019 with a capital of 100 thousand UAE Dirhams.

Nahdi Investment Company also owns the following companies:

Subsidiary name	County of incorporation	Principal business	Ownership (%) 2019
Nahdi Drug Store	UAE	Drug Store	99%
Al Nahdi Pharmacy	UAE	Pharmacy	99%

The Group is operating in the Kingdom of Saudi Arabia and the United Arab Emirates and its Head Office is located at the following address:

Al Nahdi Medical Company
P. Box 17129
Jeddah 21484,
Kingdom of Saudi Arabia.

2. BASIS OF PREPERATION

2.1 Statement of compliance

The accompanying consolidated financial statements ("financial statements") of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Certified Public Accountants.

This is the first set of Group's annual financial statements in which IFRS 16 "Leases" has been applied.

2.2 Basis of measurement

These consolidated financial statements have been prepared using the accrual basis of accounting and the going concern concept and under the historical cost basis except employees' benefits which are measured at the present value of future obligations using the Projected Unit Credit Method.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals ("SR") which is the Group's entities functional and presentation currency.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. Judgements, estimates and their underlining assumptions are reviewed on an ongoing basis. It depends on historical experience and other factors. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which the estimate is revised and any future period affected.

Information about significant estimates and uncertainties and significant judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

(1) Measurement of defined benefit obligations

The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions. Key assumptions are disclosed in Note (15).

(2) Impairment of non-financial assets

The Group reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

2. BASIS OF PREPERATION (continued)

2.4 Significant accounting judgments and estimates (continued)

(2) Impairment of non-financial assets (continued)

Non-financial assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of profit or loss and other comprehensive income.

(3) Determine the transaction price

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses and estimates the impact of any variable consideration in the contract, this includes discounts and rejections of claims. In determining transaction price the Group assesses whether the transaction price is constrained because of high susceptibility of the amount of transaction on factors which are outside the entity's control and uncertainty about the amount of consideration.

(4) Impairment of trade and other receivables

The Group follows an expected credit loss ("ECL") model for the impairment of trade receivables, this requires the Group to take into consideration certain estimates for forward looking factors while calculating the probability of default.

(5) Going concern

The Division's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may impact the Group's ability to continue as a going concern. Therefore, the consolidated financial statements were prepared on going concern basis.

(6) Useful life and residual value of property and equipment and intangible assets

The management determines the estimated useful lives of property and equipment and intangible assets for calculating depreciation. This estimate is determined after considering expected usage physical wear and tear. Management reviews the residual value, depreciation method and useful lives annually and future depreciation charges are adjusted prospectively where management believes these differ from previous estimates.

(7) Provision for obsolete inventories

Management estimates the impairment to reduce the inventory to its net realizable value if the cost of the inventory is not recoverable or the inventory is damaged or become an obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than the carrying amount. Management valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimates take into account fluctuations in prices or costs directly attributable to events occurring after the date of the financial statement to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

2. <u>BASIS OF PREPERATION (continued)</u>

2.4 Significant accounting judgments and estimates (continued)

(8) <u>Trade discount / suppliers' rebates</u>

The Group is entitled to trade discounts and rebates based on arrangements with the suppliers. This includes fixed and volume discounts based on purchases made from the suppliers. These discounts are estimated and accrued when the right to receive the discount is arise based on the terms and conditions of the contract or historical trends. The amount of trade discount is allocated between cost of sales and inventory based on the proportion of actual quantity sold and inventory held at the year-end.

(9) <u>Fair value measurement</u>

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

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

- <u>Level 1:</u> Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- <u>Level 3:</u> Inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

(10) <u>Current vs non-current classification</u>

The Group presents assets and liabilities in the consolidated statement of financial position based on current or non-current classification.

Assets:
An asset as current when it is:

- expected to be realised or intended to be sold or consumed in 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.

2. BASIS OF PREPERATION (continued)

2.4 Significant accounting judgments and estimates (continued)

(10) Current vs non-current classification (continued)

Liabilities:
A liability is current when it is:

- It is expected to be settled in normal operating cycle;
- 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

All other liabilities are classified as non-current.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

The Group has applied IFRS 16 (Note 3-1 below) effective from 1 January 2019.

3.1 IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an agreement contains a lease, SIC 15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Accordingly, the Group, as a lessee, has recognized the right to use relating of the relevant asset and proved the lease liabilities which represent the obligations of the lease payments. There is no difference in the accounting of leases as a lessor. The Group has applied the modified retrospective approach, under which the cumulative effect of initial recognoition is recognised on retained earnings as at 1 January 2019. Accordingly, the information presented for the year 2018 has not been restated, which has previously reported under IAS 17 and its other related interpretations.

The change in accounting policies are explained as follows:

(a) Definition of a lease

Previously, the Group used to determine whether the arrangement was or contained a lease under IFRIC 4. Currently, the Group assesses whether a contract is or contains a lease based on the new definition of lease. Under IFRS 16, an arrangement is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to use the right of using the initial assessment of transactions

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 16 – Leases (continued)

(a) Definition of a lease (continued)

The IFRS 16 has only been applied to contracts that were previously identified as leases. Contracts that were identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019. At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

(b) As a lessee

Previously, the Group classified property lease as operating lease in accordance with IAS 17. At transition, the lease obligations that were classified as operating leases under IAS 17 have been measured at the present value of the remaining lease payments discounted at the Group's borrowing rate as at 1 January 2019. The right-to-use asset is measured using any of the following:

- their carrying amount as if the IFRS had been applied since the commencement date, discounted using the borrowing rate at the date of initial application; or
- at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has applied this approach to all leases.

The Group has applied the previous valuation of the right-to-use related to recognition and classification of leases under IAS 17 when applying IFRS 16 for leases.

The Group used the allowed exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of the lease term.

Excluded initial direct costs of the initial measurement of the right-of-use asset on initial application;

Use a future vision when determining the lease term if the lease includes extension or termination option.

(c) Impact on financial statements

Impact on transition

On transition to IFRS 16, the Group elected to recognise the right to use lease assets and liabilities at an amount equal to the lease liability adjusted to prepayments and due rent. The impact on transition is as follows:

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 IFRS 16 – Leases (continued)

(c) Impact on financial statements (continued)

	1 January 2019
Right-to-use assets	1,263,625,084
Lease obligations	(1,177,924,410)
Prepaid rents	(150,283,538)
Impact on retained earnings	(64,582,864)

(d) Impact during the year

For the purpose of applying IFRS 16 to leases that were previously classified as operating lease, the Group has recognized net right to use assets of SR 1,3 Billion after amortization and lease liabilities of SR 1.217 Billion as at 31 December 2019, and the depreciation expense amounted to SR 345 million and interest expense of SR 48 million for the same period (Note 7).

The Group has recognised depreciation and interest costs, instead of operating lease expense. During the year 2019, the Group has recognized SR 343 million as an amortization expense and SR 48 million as interest costs.

(e) As a Lessor

On transition date, the Company has evaluated the classification of the subleases that were classified as operating leases in accordance with IAS 17 and concluded that the subleases are operating leases in accordance with IFRS 16.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term. When the Company is an intermediary lessor, it separately takes its stake in the overall lease and sublease. It evaluates the classification of the lease for a sub-contract with reference to the right-to-use asset arising from the overall lease, and not with reference to the underlying asset. If the lease is a short-term lease and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight- line basis over the lease term.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16.

3. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) As a Lessor (continued)

Gross investment in finance lease include the total of the future lease payments on finance leases (lease receivables), plus estimated residual amounts receivable. The difference between the lease receivables and the cost of the leased asset is recorded as unearned lease finance income and for presentation purposes, is deducted from the gross in the finance leases. Any unguaranteed residual value of the assets is reviewed periodically and any decrease in residual value is recorded immediately.

Initial direct cost incurred by the lessors in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the lease income.

The Company has various leases for shops. The lease is classified as finance lease if all risks and benefits related to the ownership of the asset are transferred to the lessee, otherwise, it is classified as an operating lease. When the Company is an intermediary lessor, it accounts for the basic and sublease separately. The Company determines the sub-lease classification by referring to the right-to-use assets resulting from the main lease, not its related asset. If the main lease is short-term lease and the Company uses the short-term lease exemption, the sub-lease is classified as an operating lease. If the arrangement includes both lease and non-lease components, the Company classifies the other appropriate standard for distributing the consideration in the contract.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for the adoption of International Financial Reporting Standard 16 “Leases” by the Group for financial periods commencing as of 1 January 2019.

4.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries (referred to in Note 1). The financial statements of the subsidiaries are prepared for the same reporting year as that of the Group, using consistent accounting policies consistent with the Group's financial policies.

Subsidiary
Subsidiaries are entities controlled by the Group. 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 these entities. The subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Non-controlling interests
NCI are measured at their proportionate share of the identifiable net assets at the date of acquisition. Change in the Group's interest in a subsidiary that do not result in a loss of control is accounted for as equity transactions.

The Group does not add its indirect share in the subsidiaries that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are taken into account.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.1 Basis of consolidation (continued)

Loss of control
When the Group loses control of subsidiaries, the assets, liabilities, non-controlling interests and other components of equity are eliminated and any gains or losses are recognized in the statement of profit or loss and any shares held are recognized at fair value when control is lost.

Transactions eliminated on consolidation
Balances and transactions, unrealized income and expenses arising from intra-group transactions are eliminated.

Unrealised losses are eliminated in the same way as unrealised gains, but only when there is no evidence of evidence of impairment.

4.2 Property and equipment

Recognition and Measurement

Items of property and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses.

Cost of a self-constructed item of property and equipment comprises the cost of materials and direct labour and any other costs directly attributable to bringing the item to working condition for its intended use.

Cost of an acquired item of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of bringing the item to working condition for its intended use.

If a significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Capital work-in-progress represents all costs relating directly to on-going construction projects and are capitalized as a separate component of property and equipment. On completion, the cost of construction is transferred to the appropriate category. Capital work in progress is not depreciated.

Subsequent expenditure

Subsequent expenditure is capitalized when it is probable that future economic benefits deriving from the cost incurred will flow to the Group and the cost of the item can be measured reliably.

The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss account and other comprehensive income as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Property and equipment (continued)

Derecognition

Property and equipment are derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses from disposal of an item of property and equipment are determined based on the deference between net proceeds from selling and book value of disposed items of property, plant and equipment and they are carried on in the statement of profit or loss at the same period at which the disposal takes place.

Depreciation

Depreciation is an organized distribution of depreciable value of property, plant and equipment items (asset's cost less asset's residual value) along the asset's useful life.

Depreciation cost is charged to statement of profit or loss on a straight line method over the estimated useful lives of the individual items of property and equipment. Leased assets are depreciated on the lower of lease period or the useful life Unless there is a reasonable certainty that the asset's ownership will be transferred to the Group by the end of the lease term. The Group's freehold lands are not depreciated.

When the useful lives of items of property and equipment differ, they are accounted for as separate items.

The estimated useful lives for the current and comparative periods are as follows:

	Years
• Buildings	10 – 25
• Furniture, fixture, office equipment & tools	4
• Motor Vehicles	4
• Computers	4
• Machinery and equipment	4
• Decorations	4-8

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

4.3 Investments properties

Land and other real estate properties that are held directly to earn rentals (income generating property) and/or for capital appreciation (property held for capital appreciation) are classified as investment property and are initially recognized at acquisition cost. Impairment loss is recognized and assessed as per requirements mentioned in 2.4 (2) above.

Gains or losses arising from the disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss and other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Investments properties (continued)

The Group is following cost model for subsequent measurement of investment property whereby land and real estate investments are subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged on investment property, excluding land, on a straight-line. Rental income is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

4.4 Intangibles

Intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in statement of profit or loss category consistent with the function.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognized.

Intangible assets are amortized over the estimated useful life as follows:

	Years
• Programs	4
• Acquisitions of pharmacies	4

4.5 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective inventories.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Financial Instruments

The Group has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments
Financial asset and liability is recognized when the Group represents a part of contractual obligations of the instrument, which is usually at the date of trade. The Group derecognizes financial asset when contractual cash flows of these assets are expired, or when the Group transfers financial asset's contractual cash flows in a transaction in which all risks and rewards of ownership of assets are substantially transferred. Any interests resulted from transferred financial assets that the Group has established or held as consolidated assets or liabilities are recognized.

De-recognition
On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in OCI is not recognized in the profit or loss on derecognition.

A financial liability is derecognized from the consolidated statement of financial position when the Group has discharged its obligation or the contract is cancelled or expires.

Classification of financial instruments
As of 1 January 2018, the Group classifies its financial assets according to the following measurements categories:

1) Assets to be measured at amortized cost; or
2) Fair value through profit or loss (FVTPL); or
3) FVOCI - investment in equity instruments.

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flows.

Financial assets are not reclassified subsequently to initial recognition unless the Group changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

Financial assets are measured at amortized cost if it meets both of the following conditions and are not recognized as financial assets at fair value through profit or loss:

- Kept in business model which aims to keep assets to gain contractual cash flows; and
- The contractual conditions leads to enter into certain dates for cash flows which represent the principal and the interests of the basic pending amount.

Upon the initial measurement of equity instruments, which the Group does not hold for trading purpose, the Group can elect to present any subsequent changes in fair value for these investments in the statement of other comprehensive income. This election is made on an investment by investment basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Financial instruments (continued)

Classification of financial instruments (continued)

Any other financial assets not classified or measured at amortized cost or fair value through other comprehensive income as above mentioned, are measured at fair value through profit or loss, including derivative financial assets.

Financial assets - subsequent measurement - profits or losses / applied accounting policy as of 1 January 2018:

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
FVOCI – Equity instruments	Subsequent measurement of these assets is carried at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	Subsequent measurement of these assets is carried at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

The Group classifies its financial liabilities as measured at amortised cost

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or derivatives is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and profit or loss is recognized in the statement of profit or loss. Any other financial liabilities are subsequently measured at amortized cost using effective interest rate.

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

Impairment in financial assets
IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.

Expected credit loss should be measured for financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments investments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Financial instruments (continued)

Offsetting financial instruments (continued)

Under IFRS 9, loss allowances are measured on either of the following bases:
- 12 month ECL. These ECLs result from possible default events within the 12 months after the reporting date;
- Lifetime expected credit loss. is the lifetime expected loss that results from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Group can assume that credit risks on a financial instrument didn't significantly increase since the initial recognition; if the financial instrument is previously determined as low credit risk instrument at the date of report. However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Group can adopt this policy to trade receivables with a significant finance item. The Group elected to evaluate trade recivables impairment using 12-month expected credit loss model.

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write - off is later recovered, it is recognized in profit or loss in the period of recovery.

Cash and Cash equivalent
Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Group without any restrictions. Overdraft is made against cash and cash equivalents.

Off-setting
Financial assets and liabilities are offset, and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.7 Impairment of non-financial assets

Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any impairment. If any such indication exists, then the asset's recoverable amount is estimated.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Impairment of non-financial assets (continued)

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. 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. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

The losses arising from impairment are recognized in the consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized, The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of consolidated profit or loss.

Non-financial assets other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.8 Employees' benefits

The Group is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. Entitlement factors are applied in cases of resignation. The end of service benefit plan is unfunded.

<u>End of service benefits</u>
The defined benefit plan is a compensation plan paid to employees after their services are completed and in accordance with the Saudi Labor Law, the Group makes payments to employees upon completion of their services, which are usually based on years of service, salary and reason of termination.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Employees' benefits (continued)

Evaluation methodology and key assumptions for the actuarial study

In compliance with the requirements of IAS 19 "Employee Benefits", the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each financial year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. Re-measurement recognized in comprehensive income is immediately reflected in retained earnings and is not included in profit or loss. The cost of the previous service (past cost) is calculated in profit or loss during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit asset or liability.

The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss under employee benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly are recognized in profit or loss.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged in equity in the statement of other comprehensive income in the period in which they arise.

Defined benefit costs are classified as follows:

- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re-measurement.

Short-term employee benefits

Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs

The Group contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employees' remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Group's liabilities against these plans are equivalent to those that arise in a defined contribution retirement plan. Payments to retirement benefit plans are charged as an expense when due.

4.9 Revenue recognition

Under IFRS 15, an entity recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Revenue recognition (continued)

The Standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

With the exception of the Loyalty Points Program, the Group's activities and contracts with its clients include one performance obligation and revenue is recognized at the time when control of the goods is transferred to customers.

The Group recognizes revenue at the amount of the transaction price for the related performance obligation. Revenue is recorded net of returns, trade discounts, volume rebates, estimates of other variable consideration and amounts collected on behalf of third parties.

(1) Sale of Goods

The Group's contracts with customers for the sale of medicines and pharmaceutical products generally include one performance obligation. The Group has concluded that revenue from sale of medicines and pharmaceutical products should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery.

(2) Loyalty programme

Revenue from loyalty points for registered customers in the loyalty program included separate performance obligation.

Revenue is allocated between the loyalty program and the other components of the sale using independent selling price. It is recognized as revenue when the Group has fulfilled its obligations to supply the discounted products or free goods under the terms of the program or when it is no longer probable that the points under the program will be redeemed.

(3) Revenue from leases

Rental revenue is recognised on a straight-line basis over the term of the lease agreement. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(4) Other Income

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued. This represents profit from sale of scrapped inventory and other miscellaneous income.

4.10 Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Zakat and taxes

The Group is subject to zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). Group's zakat and its share in zakat of subsidiary are charged to the consolidated statement of profit or loss and other comprehensive income. Additional Zakat liability, if any, related to prior years' assessments arising from GAZT are accounted for in the year in which the final assessments are finalized.

The Group withholds taxes on transactions with non-resident parties in accordance with GAZT regulations.

4.12 Value Added tax

The value added tax was introduced in Saudi Arabia as of 1 January 2018 (14 Rabee Al Akher 1439H), which is tax on the supply of goods and services ultimately borne by the consumer, but collected at each stage of the production and distribution chain as a general principle. The value added tax (VAT) transaction in the Group's accounts should reflect its role as a tax collector and the VAT should not be included in income or expenditures, whether of capital nature or income. However, there will be circumstances in which the Group will incur VAT, and in such cases where VAT is non-refundable, it must be included in the cost of the product or service.

4.13 Provisions, contingencies and commitments

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Certain provisions are based on management's estimate of the actual amount payable.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed in the consolidated statement of profit or loss and other comprehensive income.

Contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but is not recognized because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized and are disclosed, unless the probability of an outflow of resources embodying economic benefits is remote.

Commitments represent binding agreements of the Group to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties. For details of Group's contingencies and commitments at the reporting date, please refer note 24.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Foreign currencies transactions

Transactions in foreign currencies are initially recorded by the Group in its functional currency using the spot rate at the date of the transaction it first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency using the rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

4.15 Expenses

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

NEW STANDARDS, AMENDMENTS AND STANDARDS ISSUED AND NOT YET EFFECTIVE

Standards issued and not yet effective

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

Standard / Interpretation	*Description*	*Effective from periods beginning on or after the following date*
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
IFRS 3	Definition of a Business (amendments to IFRS 3)	1 January 2020
IAS 1 and IAS 8	Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
IFRS 17	Insurance contracts	1 January 2021
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 1 January 2020 will not have any material impact on the Group's financial statements, whereas for other above mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group's consolidated financial statements on adoption.

5. PROPERTY AND EQUIPMENT

a) The movement in property and equipment for the year ended 31 December 2019 comprise the following:

31 December 2019	Land	Decorations	Computers	Machinery and tools	Capital work in progress	Buildings	Furniture, fixture, office equipment & tools	Motor vehicles	Total
Cost									
Adjusted balance at 1 January 2019	126,241,986	672,038,542	111,548,274	103,256,064	35,291,637	27,517,533	31,847,084	1,643,556	1,109,384,676
Addition	--	132,251,130	6,213,890	25,484,570	28,377,227	15,536,128	9,972,160	138,800	217,973,905
Impairment on assets	(14,269,836)	--	--	--	--	--	--	--	(14,269,836)
Write-offs	--	--	--	--	(2,245,565)	--	--	--	(2,245,565)
Disposal	--	(28,902,093)	(33,685)	(5,007,082)	--	--	(712,363)	--	(34,655,223)
Balance at 31 December 2019	**111,972,150**	**775,387,579**	**117,728,479**	**123,733,552**	**61,423,299**	**43,053,661**	**41,106,881**	**1,782,356**	**1,276,187,957**
Accumulated depreciation:									
Adjusted balance at 1 January 2019	--	320,680,324	89,054,580	78,219,194	--	15,300,329	21,829,991	1,314,212	526,398,630
Depreciation	--	96,109,138	10,269,824	15,787,544	--	2,047,295	6,093,851	174,038	130,481,690
Disposal	--	(20,849,376)	(21,986)	(4,766,617)	--	--	(574,182)	--	(26,212,161)
Balance at 31 December 2019	--	**395,940,086**	**99,302,418**	**89,240,121**	**--**	**17,347,624**	**27,349,660**	**1,488,250**	**630,668,159**
Carrying amounts									
At 31 December 2019	**111,972,150**	**379,447,493**	**18,426,061**	**34,493,431**	**61,423,299**	**25,706,037**	**13,757,221**	**294,106**	**645,519,798**

5. PROPERTY AND EQUIPMENT (continued)

b) Movement in property and equipment during the year ended 31 December 2018 is as follows:

31 December 2018	Note	Land	Decorations	Computers	Machinery and tools	Capital work in progress	Buildings	Furniture, fixture, office equipment & tools	Motor vehicles	Total
Cost										
Balance at 1 January 2018		339,508,685	546,524,229	98,238,793	95,853,218	25,657,579	40,151,341	27,741,596	1,643,556	1,175,318,997
Addition		3,000,000	128,444,899	14,039,541	7,402,846	9,634,058	--	4,906,668	--	167,428,012
Reclassification to investment property	6	(194,894,184)	--	--	--	--	--	--	--	(194,894,184)
Disposal		(21,372,515)	(2,930,586)	(730,060)	--	--	(12,633,808)	(801,180)	--	(38,468,149)
Balance at 31 December 2018		126,241,986	672,038,542	111,548,274	103,256,064	35,291,637	27,517,533	31,847,084	1,643,556	1,109,384,676
Accumulated depreciation:										
Balance at 1 January 2018		--	242,840,958	75,292,995	63,158,749	--	13,522,810	16,561,999	1,157,524	412,535,035
Depreciation		--	80,769,952	14,491,645	15,060,445	--	1,903,470	5,695,486	156,688	118,077,686
Disposal		--	(2,930,586)	(730,060)		--	(125,951)	(427,494)	--	(4,214,091)
Balance at 31 December 2018		--	320,680,324	89,054,580	78,219,194	--	15,300,329	21,829,991	1,314,212	526,398,630
Carrying amounts										
At December 31 2018		**126,241,986**	**351,358,218**	**22,493,694**	**25,036,870**	**35,291,637**	**12,217,204**	**10,017,093**	**329,344**	**582,986,046**

5. PROPERTY AND EQUIPMENT (continued)

c) Capital work in progress represents the cost incurred in constructing the Company's warehouse in Al-Khomra region. During 2019, there were no new phases ready for use and the project is expected to be completed within the following three years.

d) The Group has reviewed the impairment of lands and the recoverable value has been calculated as on 31 December 2019, based on the fair value of the lands by an independent external evaluator with appropriate professional qualifications and previous experience on the site and the type of the real estate evaluated. The fair value of the land amounted to SAR 111.9 million as of 31 December 2019. It was determined based on the evaluation provided by Abdullah Al Kathiri Real Estate Evaluation Office, an independent certified real estate evaluator (license number 1210000252). The fair value of the lands was determined based on the prevailing market prices for similar lands.

6. INVESTMENTS IN REAL ESTATE

	31 December 2019 Land	31 December 2018 Land
Balance at 1 January	**194,894,184**	--
Impairment of investment property	**(1,894,184)**	--
Reclassification from Property and equipment	**--**	194,894,184
Balance at 31 December	**193,000,000**	194,894,184

The fair value of real estate investments amounted to SAR 193 million as on 31 December 2019 (31 December 2018: SR 194.8 million). It was determined based on the evaluation provided by Abdullah Al Kathiri Real Estate Evaluation Office, an independent certified real estate evaluator (license number 1210000252). The fair value of the properties was determined based on the prevailing market prices for similar properties.

7. LEASES

On 1 January 2019, the Group implemented IFRS 16 "leases" (Note 3). The movement in the right-to-use assets for the year ended 31 December 2019 comprise the following:

	31 December 2019	31 December 2018
Adjusted balance at 1 January 2019	**1,263,625,084**	--
Addition	**385,798,723**	--
Depreciation during the year, net	**(343,362,739)**	--
Balance at 31 December 2019	**1,306,061,068**	--

7. LEASES (continued)

The depreciation charge for the year has been allocated as follows:

	Note	2019	2018
Selling and distribution expenses	20	**334,449,769**	--
General and Administration expense	21	**8,912,970**	--
		343,362,739	--

Movement on lease liabilities as at 31 December are as follows:

	2019	2018
Balance at 1 January	**1,328,207,948**	--
Interest expenses	**48,151,665**	--
Addition	**256,644,768**	--
Payment	**(415,080,046)**	--
Balance at 31 December	**1,217,924,335**	--

The following are the lease obligations as classified in the consolidated statement of financial position:

	2019	2018
Short-term obligation	**233,227,439**	--
Long term obligation	**984,696,896**	--
	1,217,924,335	--

8. INTANGIBLES

a) 31 December 2019

	Softwares	Acquisition of pharmacies	Total
Cost:			
Adjusted balance at 1 January 2019	129,068,165	120,268,759	249,336,924
Addition	16,443,598	--	16,443,598
Disposal	(6,955,903)	(1,934,142)	(8,890,045)
Balance at 31 December 2019	**138,555,860**	**118,334,617**	**256,890,477**
Accumulated amortization:			
Adjusted balance at 1 January 2019	90,638,932	118,579,475	209,218,407
Amortisation	20,416,540	1,065,417	21,481,957
Disposal	(7,054,861)	(1,835,184)	(8,890,045)
Balance at 31 December 2019	**104,000,611**	**117,809,708**	**221,810,319**
Carrying value			
Balance as at 31 December 2019	**34,555,249**	**524,909**	**35,080,158**

8. INTANGIBLE ASSETS (continued)

b) 31 December 2018	Software	Acquisition of pharmacies	Total
Cost:			
Balance at 1 January 2018	108,580,270	123,516,784	232,097,054
Addition	20,487,895	30,988	20,518,883
Disposal	--	(3,279,013)	(3,279,013)
Balance at 31 December 2018	129,068,165	120,268,759	249,336,924
Accumulated amortization:			
Balance at 1 January 2018	73,363,377	114,168,221	187,531,598
Amortisation	17,275,555	7,688,617	24,964,172
Disposal	--	(3,277,363)	(3,277,363)
Balance at 31 December 2018	90,638,932	118,579,475	209,218,407
Carrying value			
Balance as at 31 December 2018	38,429,233	1,689,284	40,118,517

9. PREPAYMENT AND OTHER ASSETS

	2019	2018
Non -current		
Lease prepayments – key money payments	**7,227,298**	9,017,970
	7,227,298	9,017,970
Current		
Prepaid Rent	**--**	128,889,876
Advance payments to suppliers	**69,279,495**	52,283,157
Other prepayments	**30,172,093**	31,616,832
Employees' loans	**21,389,344**	30,031,195
Letters of credit	**25,416,604**	8,141,385
VAT	**2,147,651**	--
Others	**2,984,058**	2,595,746
	151,389,245	253,558,191

10. INVENTORY

	2019	2018
Inventories	**1,224,847,173**	1,220,381,220
Less: Provision for slow moving items	**(90,978,892)**	(88,453,803)
	1,133,868,281	1,131,927,417

10. INVENTORIES (continued)

a) Inventories as at 31 December 2019 include goods on consignment held with the agents amounting to SR 625 million (2018: SR 596 million).

b) The movement in the provision for slow moving items for the year ended 31 December is as follows:

	2019	2018
Balance at beginning of the year	**88,453,803**	60,420,024
Addition	**31,189,755**	55,487,934
Write-offs	**(28,664,666)**	(27,454,155)
Balance at the end of the year	**90,978,892**	88,453,803

11. TRADE RECEIVABLES

	2019	2018
Trade receivables	**154,391,184**	119,498,756
Operating pharmacies – agents	**16,908,571**	--
Less: Allowance for expected credit losses (ECL)	**(32,158,477)**	(13,585,137)
	139,141,278	105,913,619

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

	2019	2018
Balance at beginning of the year	**13,585,137**	8,243,097
Addition	**25,000,000**	9,871,317
Write-offs	**(6,426,660)**	(4,529,277)
Balance at the end of the year	**32,158,477**	13,585,137

b) Information about the Group's exposure to credit and market risks and impairment losses for trade receivables is included in Note 23.

12. CASH AND CASH EQUIVALENTS

	2019	2018
Cash at banks - current accounts	**147,252,723**	136,906,346
Financial investments at amortized cost*	**200,000,000**	--
Cash on hand	**25,100,876**	33,166,955
	372,353,599	170,073,301

* Represents time deposit (Murabha) placed with local banks, carrying profits at 2.20% per annum with maturity date less than 3 months of the deposit.

13. FINANCIAL INVESTMENT AT AMORTIZED COST

Represents deposit (Murabha) placed with local banks, carrying profits at 2.47% (2018: 3.08%) annually with a maturity of more than 6 months.

14. SHARE CAPITAL AND RESERVES

Share capital
The share capital of the Company is SR 50 million divided into 50,000 shares with a nominal value of SR 1000 each. The ownership structure of the Company is given below:

	No. of shares held		Percentage %	
Partners	**2019**	2018	**2019**	2018
Tawjeeh Services and Commercial Investments Company Limited	**--**	25,000,000	**--**	50%
Saudi Economic and Development Holding Company (SEDCO)	**25,000,000**	--	**50%**	--
Al Nahdi Holding Co.	**25,000,000**	25,000,000	**50%**	50%
	50,000,000	50,000,000	**100%**	100%

The shareholders are entitled to dividends as declared from time to time and are entitled to one vote per share.

- Tawjeeh Services and Commercial Investments Company has waived its whole share of the capital of the Saudi Economic and Development Holding Company (SEDCO) and the articles of association was amended to include this change on 22 Rabea Al-Thani, corresponding to 20 December 2019.

- Subsequent to the financial statement date , the Board of Directors recommended transferring the amount of SR 950 million of retained earnings to payments under the capital increase account, so that the Company's capital after the increase of became SR 1 billion.

Partner's name	Buildings
Saudi Economic and Development Holding Company (SEDCO)	475,000,000
Al Nahdi Holding Co.	475,000,000
Total	950,000,000

STATUTORY RESERVE

In accordance with the Company's Articles of Association, the Company is required to sets aside 10% of its net income in each year to a statutory reserve until such reserve equals to 30% of the share capital. This reserve is not available for distributions to the shareholders The Company has met the requirements in the previous years and accordingly no transfer was made during the year.

Dividends
The shareholders in their meetings held on 23 April 2019, and 10 October 2019 resolved to distribute dividends of SR 300 million and SR 200 million respectively (2018: SR 550 million) which were paid to the shareholders during the year.

15. EMPLOYEES' BENEFITS

The Group operates an approved unfunded employees' end of service benefits scheme for its permanent employees as required by Saudi Arabian Labour and Workmen law.

The valuation was prepared by an independent external actuarial using the following key assumptions:

- As at 31 December 2019, the discount rate was 3.25% for the Group and the subsidiary annually (31 December 2018: discount rate is 4.5% for the Company annually).

- As at 31 December 2019, the salary increase rate reached 4 % for the Company and the subsidiary annually (31 December 2018: 4% for the Company annually).

The present value of total employee benefits liability recognized in the consolidated Statement of Financial Position is determined as follows:

	2019	2018
Employees' end-of-service benefits	**168,829,324**	142,569,721

Movement in net defined liability

The movement in the present value of the end-of-service benefits over the year is as follows:

	2019	2018
Balance at 1 January	**142,569,721**	125,856,900
Recognised in profit of loss		
Current service cost	**18,417,361**	18,197,955
Interest cost	**5,945,222**	5,185,916
Total	**24,362,583**	23,383,871
Included in other comprehensive income		
Actuarial loss	**21,903,558**	9,237,307
Total	**21,903,558**	9,237,307
Transferred to Agents	**--**	(8,484,771)
Benefit paid	**(20,006,538)**	(7,423,586)
Balance at 31 December	**168,829,324**	142,569,721

15. EMPLOYEE BENEFITS (continued)

Actuarial Assumptions

The main actuarial assumptions used to calculate the indicative defined unfunded benefit plans liabilities are as follows (expressed as weighted averages):

	2019	2018
Financial assumptions		
Discount rate (p.a.)	**3.25%**	4.5%
Future salary growth / Expected rate of salary increase	**4%**	4%
Demographic assumptions		
Mortality (p.a.)	**0.28%**	0.37%
Retirement age	**60**	60

As at 31 December 2019, the weighted average duration of the defined benefit obligation is 9.22 years (2018: 8.31 years).

Sensitivity analysis:

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions for the year ended 31 December 2019 is as follows:

	Impact on defined benefit obligation Increase / (decrease) in actual figures	
	2019	2018
Financial assumptions		
Base	**168,829,324**	142,569,721
Discount rate increase by 1%	**1,688,293**	1,425,697
Discount rate Decrease by 1%	**(1,688,293)**	(1,425,697)
Future salary growth / expected rate of Bases		
	168,829,324	142,569,721
salary increase by 1%	**1,688,293**	1,425,697
Salary decrease by 1%	**(1,688,293)**	(1,425,697)

16. ACCRUED EXPENSES, OTHER CURRENT LIABILITIES AND DEFERRED LEASE LIABILITY

	Note	2019	2018
Deferred lease liabilities			
(Lease equalization reserve) – non current		**--**	1,544,972
Accrued expenses and other liabilities			
Due to related parties	17	**44,320,893**	49,957,554
Accrued expenses		**84,051,068**	49,379,417
Deferred revenue	16 - a	**35,305,733**	24,791,819
Due to operating pharmacies - agents		**8,196,433**	31,334,048
Lease equalization reserve		**--**	941,305
other liabilities		**116,857,226**	99,645,547
Employee related accruals		**135,673,146**	144,390,848
VAT payables		**--**	63,790
		424,404,499	400,504,328

16. ACCRUED EXPENSES, OTHER CURRENT LIABILITIES AND DEFERRED LEASE LIABILITY (continued)

This amount represents the accrued revenue under the loyalty program that will be recognized when the customers redeem their earned points or when the points expire according to the terms and conditions of the program in accordance with the guidelines of IFRS 15.

17. TRANSACTIONS WITH RELATED PARTIES

a) The entire list of related parties have been provided below:

Name	Relationship
Tawjeeh Services and Commercial Investments Company Limited	Shareholder
Generosity Golden Company	Affiliate
Khuta Al Khair for Commercial Services Company Limited	Affiliate
Board of Directors	Those Charged with Governance

b) The significant transactions and the related amounts are as follows:

		Amount of transaction	
Name of entity	Nature of transaction	**2019**	2018
Generosity Golden Company	Expenses paid on behalf of the Company	**2,510,310**	1,233,000
	Labor supply	**202,409,407**	200,670,822
Khuta Al Khair for Commercial Services Company Limited	Collections by the company on behalf of related parties	**--**	2,324,850
Board of directors	Remuneration	**28,561,943**	25,299,996

c) Due to related parties as at 31 December are comprised of the following:

	2019	2018
Generosity Golden Company	**37,937,177**	40,447,487
Khuta Al Khair for Commercial Services Company Limited	**6,383,716**	9,510,067
	44,320,893	49,957,554

17. TRANSACTIONS WITH RELATED PARTIES (continued)

d) Transactions with key management personnel

Compensation to key management personnel comprises of the following:

	2019	2018
Short term employee benefits	**28,561,943**	25,299,996
Long-term senior management retirement plan benefits	**44,492,791**	28,090,307

Compensation to Company's key management personnel includes salaries and contributions to post-employment defined benefit plan.

18. COST OF SALES

	Note	**2019**	2018
Cost of sales		**4,726,189,432**	4,459,689,406
Costs of operated pharmacies		**603,581,482**	760,962,574
Provision for slow moving items	10	**31,189,755**	55,487,934
		5,360,960,669	5,276.139,914

19. OTHER INCOME/ (LOSS)

	2019	2018
Lease rentals	**3,769,463**	3,431,095
Scrap sale of inventory	**1,677,809**	1,214,655
Reversal of accrued expenses	**9,852,930**	--
Loss from write off of property	**(2,259,348)**	(34,254,058)
Other Income	**13,561,493**	8,930,652
	26,602,347	(20,677,656)

20. SELLING AND MARKETING EXPENSES

	Note	**2019**	2018
Salaries and employees' benefits		**612,566,190**	631,958,354
Rent of sales outlets		**10,886,900**	164,140,251
Depreciation and amortisation	5 & 8	**122,274,441**	111,845,201
Advertising and promotion		**45,449,045**	50,597,571
Utility		**19,264,589**	19,227,428
Attestation of governmental expenses		**34,142,114**	26,681,223
Right of use – depreciation	7	**334,449,769**	--
Loading and packing expenses		**25,724,623**	26,382,817
Repair and maintenance		**10,842,940**	12,499,421
Expected credit loss provision	11	**25,000,000**	9,871,317
Communication		**2,148,142**	2,779,711
Entertainment		**5,306,444**	4,349,802
Other expenses		**104,172,440**	45,396,846
		1,352,227,637	1,105,729,942

21. GENERAL AND ADMINISTRATION EXPENSES

	Note	2019	2018
Salaries and employees' benefits		**154,758,489**	143,086,758
Depreciation and amortisation	5 & 8	**29,689,206**	31,196,656
Repair and maintenance		**23,949,313**	30,387,817
Professional charges		**26,761,820**	27,206,951
Rents		**--**	10,736,039
Right of use – depreciation	7	**8,912,970**	--
Other expenses		**22,660,737**	18,114,033
Attestation and government expenses		**8,053,243**	8,670,193
Board of Directors' remunerations		**28,561,943**	25,299,996
Communication		**2,926,655**	3,694,845
Entertainment expenses		**3,925,326**	3,461,369
		310,199,702	301,854,657

22. PROVISION FOR ZAKAT

Zakat included in the consolidated Statement of Profit or loss and other comprehensive income are comprised of the following:

	2019	2018
Recognised in profit of loss		
Zakat		
- Current year	**33,200,008**	28,143,673
- Prior years	**43,429,877**	--

The movement in the zakat liability is as follows:

	2019	2018
Balance at beginning of the year	**37,056,138**	30,635,845
Provision for the current year (Parent company)	**33,200,008**	28,143,673
Provision for the previous years	**43,429,877**	--
Payments during the year	**(35,245,847)**	(21,723,380)
Balance at the end of the year	**78,440,176**	37,056,138

Components of zakat base - Parent

22. PROVISION FOR ZAKAT (continued)

The principal elements of the zakat base are as follows:

	2019	2018
Equity at beginning of the year	**1,114,303,608**	1,094,320,378
Adjusted net profit	**880,313,499**	727,540,141
Provision at beginning of year	**173,337,050**	155,865,539
Less:		
Property and equipment & intangible assets	**(646,953,823)**	(647,654,428)
Investment in properties	**(193,000,000)**	(194,894,184)
		--
Zakat base	**1,328,000,334**	1,135,177,446
Zakat for the year	**33,200,008**	28,143,673

Some of these amounts have been adjusted in arriving at the Zakat charge for the Parent Company.

22.1 Status of final assessments

Al Nahdi Medical Company

Years from 2003 to 2012

Zakat assessment has been finalized with GAZT for years up to 2012. The company has submitted its Zakat returns and obtained restricted zakat certificates for these years.

Years from 2013 to 2018
The Company has submitted its Zakat returns and obtained restricted Zakat certificate, and it has not received any assessments up to date.

Al Nahdi Care

This is the first financial period for the company from 02/10/2018 until 31/12/2019, which is a long financial period and that Zakat has been calculated for that period.

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT

The Group has no financial assets or liabilities measured at fair value, all its financial assets and liabilities are measured at amortized cost as follows:

31 December 2019		Fair Value				
Description	Carrying value	Level 1	Level 2	Level 3	Amortised cost	Total
Financial Assets						
Cash and Cash equivalent	**372,353,599**	--	--	--	**372,353,599**	**372,353,599**
Investment at amortized cost	**202,831,643**	--	--	--	**202,831,643**	**202,831,643**
Trade receivables	**139,141,278**	--	--	--	**139,141,278**	**139,141,278**
	714,326,520	--	--	--	**714,326,520**	**714,326,520**
Financial liability						
Trade and other payables	**512,758,446**	--	--	--	**512,758,446**	**512,758,446**
Deferred lease liabilities	**1,213,417,180**	--	--	--	**1,213,417,180**	**1,213,417,180**
	1,726,175,626	--	--	--	**1,726,175,626**	**1,726,175,626**

31 December 2018		Fair Value				
Description	Carrying value	Level 1	Level 2	Level 3	Amortised cost	Total
Financial Assets						
Cash and Cash equivalent	170,073,301	--	--	--	170,073,301	170,073,301
Investment at amortized cost	200,359,333	--	--	--	200,359,333	200,359,333
Trade receivables	105,913,619	--	--	--	105,913,619	105,913,619
	476,346,253	--	--	--	476,346,253	476,346,253
Financial liability						
Trade and other payables	428,286,947	--	--	--	428,286,947	428,286,947
Deferred lease liabilities	1,544,972	--	--	--	1,544,972	1,544,972
	429,831,919	--	--	--	429,831,919	429,831,919

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value and cash flow, interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of risks of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates the financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets, and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated Statement of Financial Position include cash and bank balances and investment at amortized cost, trade and other receivables, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Market Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk include three types of risk: Interest rate on cash flows risk, currency risk and equity price risk.

a) Cash flow interest rate risk

Cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's consolidated Statement of Financial Position and cash flows. Management monitors the changes in interest rates and believes that the cash flow interest rate risks to the Group are not significant.

Currently, the Group does not have any borrowings.

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Market Risks (continued)

b) Currency risk

Currency risk is the risk that the value of a financial instrument denominated in foreign currencies will fluctuate due to changes in foreign exchange rates, in case the Group does not hedge its currency exposure by means of hedging instruments.

The Group's transactions are principally in Saudi Riyals. Other transactions in foreign currencies are not material and hence the Group is not exposed to any significant currency risk.

c) Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate due to changes in equity prices. The Group is not exposed to equity price risk as the Group does not hold investments in equity securities.

Credit risks
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's principal financial assets subject to credit risk are bank balances, investment at amortized cost and trade and other receivables.

Credit risk arises from the possibility that assets could be impaired because counter parties cannot meet their obligations in transactions involving financial instruments. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular segment of customers. The Group has established procedures to manage credit exposure including credit approvals and credit limits. These procedures are mainly due to the Group's internal guidelines. An impairment allowance is maintained on trade receivables based on the "Expected Credit Loss" model. The allowance is measured based on the lifetime expected credit losses (simplified approach) as these do not contain a significant financing component.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2019	2018
Financial assets		
Cash and cash equivalent	**372,353,599**	170,073,301
Investment at amortized cost	**202,831,643**	200,359,333
Trade receivables	**139,141,278**	105,913,619
	714,326,520	476,346,253

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Trade receivables are mostly well-known and reputable insurance companies with strong financial positions. They are carried net of expected credit loss provisions.

	2019	2018
Financial assets		
- Secured	**575,185,242**	370,432,634
- Unsecured	**139,141,278**	105,913,619
	714,326,520	476,346,253

The ageing of unsecured overdue trade receivables out of which a significant portion is expected to be recovered and against which adequate provision has also been made, are as follows:

	31 December 2019	Allowance for credit loss	31 December 2018	Allowance for credit loss
0 - 90 days	**114,872,932**	--	100,075,978	--
91-180 days	**33,951,500**	25,245,795	10,532,142	4,694,501
181 – 360 days	**4,573,836**	4,573,836	5,078,144	5,078,144
Above 360 days	**2,338,846**	2,338,846	3,812,492	3,812,492
Balance at the end of the year	**155,737,114**	32,158,477	119,498,756	13,585,137

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 realize a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring the maturity profile of the Group's consolidated financial instruments to ensure that adequate liquidity is maintained or made available, as necessary to the Group.

The Group has no significant concentration of liquidity risk. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at 31 December. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

31 December 2019	**Carrying value**	**1 year or less**	**1 to 3 years**	**Beyond 3 years**
Non-derivative financial liabilities				
Trade payables	512,758,446	512,758,446	--	--
Due to related parties	44,320,893	44,320,893	--	--
other liabilities	334,184,277	334,184,277	--	--
Lease liabilities	1,213,417,180	233,227,439	--	984,696,896
	2,104,680,796	**1,124,491,055**	**--**	**984,696,896**

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

31 December 2018	Carrying value	1 year or less	1 to 3 years	Beyond 3 years
Non-derivative financial liabilities				
Trade payables	428,286,947	428,286,947	--	--
Due to related parties	49,957,554	49,957,554	--	--
Due to Agents	31,334,048	31,334,048	--	--
other liabilities	294,420,907	294,420,907	--	--
	803,999,456	803,999,456	--	--

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

CAPITAL MANAGEMENT
The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group adjusted net debt to equity ratio was as follows:

	31 December 2019	31 December 2018
Total liabilities	**2,402,069,855**	1,009,962,106
Less: Cash at bank	**(575,185,242)**	(370,432,634)
Net liabilities	**1,826,884,613**	639,529,472
Total equity	**1,784,402,513**	2,862,216
Net liabilities to equity ratio	**1.02**	0.38

24. CONTINGENCIES & COMMITMENTS

The Group had the following commitments:

	2019	2018
Capital expenditures	**172,223,944**	24,514,500

a) At 31 December 2019, the Company had an agreement with a consulting company to implement the decorations of pharmacies and implement the new stores of the Company.

b) At 31 December 2019, the Company had outstanding bank letter of credits of SR 2 million (2018: SR 8 million) issued against certain purchase of medical equipment and other supplies.

25. BUSINESS SEGMENTS

The group operates in the Kingdom of Saudi Arabia and the United Arab Emirates and works in the field of selling cosmetics and medical materials, as well as medical equipment through pharmacies and through pharmacies that are run (agents) during the year the group also operated specialized medical clinics through one of its subsidiaries. The Group's operations in the United Arab Emirates are relatively insignificant and therefore the Group has not presented business segment information on a geographical level. Also, the group's work in operating specialized medical clinics is considered relatively unimportant and based on it. The business sectors were presented as follows:

31 December 2019	**Group pharmacies**	**Agents**	**Total**
Sales	2,740,759,012	5,083,552,507	7,824,311,519
Cost of sales	(1,848,808,589)	(3,504,195,634)	(5,353,004,223)
Gross profit	**891,950,423**	**1,579,356,873**	**2,471,307,296**

31 December 2018	Group pharmacies	Agents	Total
Sales	2,648,545,745	4,701,457,442	**7,350,003,187**
Cost of sales	(1,822,261,366)	(3,453,878,548)	**(5,276,139,914)**
Gross profit	826,284,379	1,247,578,894	**2,073,863,273**

The agent sales cost includes operating costs of SR 602 million (2018:760 million SAR).

26. SUBSEQUENT EVENTS

The spread of novel coronavirus (COVID-19) across multiple geographies was confirmed in early 2020, causing disruptions to businesses and economic activities. The Group considers this outbreak to be a non-adjusting post balance sheet event. At this early stage, the Group based on an initial assessment, assessed that there was no material impact on its operations. The management and those charged with governance will continue to monitor the situation and accordingly update all stakeholders as soon as more information is available. Changes in circumstances may require enhanced disclosures or recognition of adjustments in the consolidated financial statements of the Group of the subsequent periods in the financial year 2020.

27. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Group's Board of Directors on 15 Dhul Qadah 1441H, corresponding to 6 July 2020.

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2020
with
INDEPENDENT AUDITORS' REPORT

KPMG Professional Services
Zahran Business Center
Prince Sultan Street
P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Headquarter in Riyadh

Commercial Registration No 4030290792

كي بي إم جي للاستشارات المهنية
مركز زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

Independent auditors' report

To the Shareholders of Al Nahdi Medical Company

Opinion

We have audited the consolidated financial statements of Al Nahdi Medical Company - a limited liability company - ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' 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.

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 as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's Articles of Association 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, Audit Committee, are responsible for overseeing the Group's financial reporting process.

KPMG

Independent auditors' report

To the Shareholders of Al Nahdi Medical Company (continued)

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 scepticism throughout the audit. We also:

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

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

KPMG Professional Services

Ebrahim Oboud Baeshen
License No. 382

كي بي إم جي للاستشارات المهنية
Lic No. 46
C.R. 4030290792
J : 1
KPMG
KPMG Professional Services

Jeddah, May 30, 2021
Corresponding to Shawwal 18, 1442H

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020
(Expressed in Saudi Arabian Riyals)

	Note	2020	2019
Assets			
Property and equipment	4	**779,589,718**	645,519,798
Investments in real estate	5	**179,000,000**	193,000,000
Intangible assets	7	**41,571,900**	35,080,158
Right-to-use assets	6	**1,186,841,563**	1,306,061,068
Prepayments and other assets – non-current	8	**4,634,857**	7,227,298
Non-current assets		**2,191,638,038**	2,186,888,322
Inventories	9	**1,180,965,542**	1,133,868,281
Trade receivables	10	**94,779,020**	139,141,278
Prepayment and other assets - current	8	**174,551,926**	151,389,245
Financial investments at amortized cost	12	**--**	202,831,643
Cash and cash equivalents	11	**1,008,529,663**	372,353,599
Current assets		**2,458,826,151**	1,999,584,046
Total assets		**4,650,464,189**	4,186,472,368
Equity			
Share capital	13	**1,000,000,000**	50,000,000
Statutory reserve	13	**109,911,582**	25,000,000
Retained earning		**969,030,474**	1,709,402,513
Foreign currency translation reserve		**(161,181)**	--
Total equity		**2,078,780,875**	1,784,402,513
Liabilities			
Employee benefit liabilities	14	**329,487,592**	168,829,324
Lease liabilities	6	**828,952,941**	984,409,971
Accrued expenses - non-current portion	15	**14,380,998**	10,395,445
Non-current liabilities		**1,172,821,531**	1,163,634,740
Lease liabilities	6	**376,130,633**	233,227,439
Provision for Zakat	21	**98,053,920**	78,440,176
Trade payables		**442,672,772**	512,758,446
Accrued expenses and other current liabilities	15	**482,004,458**	414,009,054
Current liabilities		**1,398,861,783**	1,238,435,115
Total liabilities		**2,571,683,314**	2,402,069,855
Total equity and liabilities		**4,650,464,189**	4,186,472,368

The attached notes 1 to 25 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Chief Financial Officer   Chief Executive Officer   Authorized board member

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020
(Expressed in Saudi Arabian Riyals)

	Note	**2020**	2019
Revenue		**8,644,207,006**	7,824,673,714
Sales cost	17	**(5,394,535,354)**	(5,360,960,669)
Gross profit		**3,249,671,652**	2,463,713,045
Other Revenue	18	**31,458,199**	26,602,347
Reversal / (support) of expected credit losses	10	**18,000,000**	(25,000,000)
Selling and marketing expenses	19	**(1,987,553,265)**	(1,327,227,637)
General and administrative expenses	20	**(337,032,026)**	(310,199,702)
Provision for impairment of property and equipment	4	**(8,599,150)**	(14,269,836)
Operating income		**965,945,410**	813,618,217
Finance income		**--**	12,262,536
Financial costs		**(57,499,591)**	(55,354,221)
Net finance costs		**(57,499,591)**	(43,091,685)
Impairment of investment property	5	**(14,000,000)**	(1,894,184)
Profit before zakat		**894,445,819**	768,632,348
Zakat	21	**(45,330,000)**	(76,629,885)
Income for the year		**849,115,819**	692,002,463
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefits	*14*	**(19,576,276)**	(21,903,558)
Other comprehensive loss for the year		**(19,576,276)**	(21,903,558)
Total comprehensive income for the year		**829,539,543**	670,098,905
Items that are or may be reclassified to profit or loss:			
Differences from foreign exchange		**(161,181)**	--
Other comprehensive loss for the year		**829,378,362**	670,098,905

The attached notes 1 to 25 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Chief Financial Officer	Chief Executive Officer	Authorized board member

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED ASTATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020
(Expressed in Saudi Arabian Riyals)

	Note	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total shareholders' equity:
At 1 January 2019		50,000,000	25,000,000	--	1,539,303,608	1,614,303,608
Comprehensive income for the year						
Income for the year		--	--	--	692,002,463	692,002,463
Other comprehensive loss		--	--	--	(21,903,558)	(21,903,558)
Total comprehensive income		--	--	--	670,098,905	670,098,905
Transaction with shareholders						
Dividends	13	--	--	--	(500,000,000)	(500,000,000)
Balance at 31 December 2019		50,000,000	25,000,000	--	1,709,402,513	1,784,402,513
Comprehensive income for the year						
Income for the year		--	--	--	849,115,819	849,115,819
Other comprehensive loss		--	--	(161,181)	(19,576,276)	(19,737,457)
Total comprehensive income		--	--	(161,181)	829,539,543	829,378,362
Transaction with shareholders						
Dividends	13	--	--	--	(535,000,000)	(535,000,000)
Transferred to statutory reserve		--	84,911,582	--	(84,911,582)	--
Transferred to share capital increase	13	950,000,000	--	--	(950,000,000)	--
Balance at 31 December 2020		**1,000,000,000**	**109,911,582**	**(161,181)**	**969,030,474**	**2,078,780,875**

The attached notes 1 to 25 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Chief Financial Officer | Chief Executive Officer | Authorized board member

AL NAHDI MEDICAL COMPANY
(A Limited Liability Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020
(Expressed in Saudi Arabian Riyals)

	Note	2020	2019
Cash flow from operating activities			
Profit before zakat		**894,445,819**	768,632,348
Adjustment for:			
Depreciation	4	**140,630,127**	130,481,690
Amortization	7	**17,533,901**	21,481,957
Property and equipment write-off	4	**--**	2,245,565
Write-offs of intangible assets		**--**	--
Loss from the disposal of property and equipment		**(1,126,248)**	2,259,348
Impairment loss of property and equipment	4	**8,599,150**	14,269,836
Impairment of investment property	5	**14,000,000**	1,894,184
Employee benefit liabilities for the year	15	**57,379,808**	24,362,583
Provision for slow moving inventory	10	**142,329,000**	31,189,755
Amortization of right to use Assets	6	**349,013,626**	343,362,739
Expected credit loss provision	10a	**(18,000,000)**	25,000,000
Financial costs		**47,192,649**	55,354,221
Amortization of prepayments and other assets		**2,592,441**	1,790,672
		1,654,590,273	1,422,324,898
Changes in			
Inventories		**(189,426,261)**	(33,130,619)
Trade receivables		**62,362,258**	(58,227,659)
Prepayments and other assets		**(23,162,681)**	(26,655,828)
Trade payables		**(70,246,855)**	84,471,499
Accrued expenses and other current liabilities		**217,475,158**	22,355,199
Cash provided by operating activities		**1,651,591,892**	1,411,137,490
Finance costs paid		**--**	(7,818,662)
Paid employees' benefits	14	**(34,800,262)**	(20,006,538)
Paid Zakat	21	**(30,943,252)**	(35,245,847)
Net cash generated from operating activities		**1,585,848,378**	1,348,066,443
Cash flows from investing activities			
Proceeds from disposal of property and equipment		**13,821,838**	6,183,714
Purchases of property and equipment	4	**(295,848,433)**	(217,973,905)
Acquisition of intangible assets	7	**(23,971,426)**	(16,443,598)
Investment at amortized cost		**202,831,643**	(2,472,310)
Net cash used in investing activities		**(103,166,378)**	(230,706,099)
Cash flow from financing activities			
Payment of lease obligations	6	**(311,525,936)**	(415,080,046)
Dividends paid	13	**(535,000,000)**	(500,000,000)
Net cash used in financing activities		**(846,525,936)**	(915,080,046)
Net change in cash and cash equivalents		**636,176,064**	202,280,298
Cash and cash equivalents as at the beginning of the year		**372,353,599**	170,073,301
Cash and cash equivalents classified as held for sale		**--**	--
Cash and cash equivalents at 31 December		**1,008,529,663**	372,353,599
Non-trading transactions:			
Employees benefits transferred from / to agents	15	**70,150,460**	21,903,558
Transferred on acquisition of Sakhaa Golden Company		**48,351,986**	--
Impact of adoption of IFRS (16)	3	**--**	64,582,864

The attached notes 1 to 25 form an integral part of these consolidated financial statements.

These financial statements have been authorized for issue by the Board of Directors on behalf of the Shareholders and signed on their behalf by:

Chief Financial Officer	Chief Executive Officer	Authorized board member

1. REPORTING ENTITY

Al Nahdi Medical Company ("the Company") is a Saudi Limited Liability Company (LLC) formed under Regulations for Companies in the Kingdom of Saudi Arabia ('KSA') under Commercial Registration No. 4030053868 dated 5 Shabaan, 1424H (1 October 2003). The Company is operating in accordance with the Ministry of Health License No. 26-101-31-67-3 dated 22 Dhu-Hijja, 1424H (28, December, 2003).

The principal activity of the Company is the wholesale and retail trading of cosmetics, pharmaceutical products and medical equipment. In addition, the Group also manages and operates external parties' pharmacies through its other branches and through other agents.

These consolidated financial statements include the financial statements of the Company and its subsidiaries and the following subsidiary (thereinafter collectively referred to as the "Group"):

Subsidiary Name	County of incorporation	Principal business	Shareholding (%) **2020**	2019
Al Nahdi Care	Kingdom of Saudi Arabia	Clinics	**100%**	100%
Nahdi Investment Company*	United Arab Emirates	Holding company	**100%**	100%
Sakhaa Golden Company**	Kingdom of Saudi Arabia	Labour services	**100%**	--

* On March 27, 2019, the Company established Nahdi Investment Company in accordance with the By-Laws of the subsidiary Company and the Company owns 100% of the shares in the subsidiary, including the main activities of the subsidiary of investing and owning of health and commercial projects. The Company started its activities during the year 2019 with a capital of 100 thousand UAE Dirhams.

** On 1 October 2020, the Group acquired Sakhaa Golden Company. The main activities of the subsidiary include providing employment services to companies. According to the amended Articles of Association, the company owns 100% ownership interest of the subsidiary company, as on 31 December 2020.

Nahdi Investment Company also owns the following companies:

Subsidiary Name	County of incorporation	Principal business	Shareholding (%) 2019
Nahdi Drug Store	United Arab Emirates	Drug Store	99%
Al Nahdi Pharmacy	United Arab Emirates	Pharmacy	99%

The Group is operating in the Kingdom of Saudi Arabia and the United Arab Emirates and its Head Office is located at the following address:

Al Nahdi Medical Company
P. O. Box 17129
Jeddah 21484,
Kingdom of Saudi Arabia

2. BASIS OF PREPERATION

2-1 Statement of compliance

The accompanying consolidated financial statements ("financial statements") of the Group have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (SOCPA).

At the beginning of the financial year 2020, the Corona pandemic (Covid 19) swept the world, causing disturbances in the economic and commercial sectors in general, and the Company's management has proactively assessed its impacts on its operations and has taken a series of preventive measures to ensure the health and safety of its employees and workers. Despite these challenges, the Company's business and operations are currently still largely unaffected. The primary demand from customers for the Company's products has not been affected to a large extent.t Based on these factors, the Company's management believes that the Covid-19 pandemic did not have a material impact on the financial results that were reported for the year ending 31 December 2020. The Company continues to closely monitor the development of the pandemic even though the management at this time is not aware of any expected factors that may change the impact of the pandemic on the Company's operations during or after 2020. The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Company continues to prepare the financial statements on the going concern basis. The Company's management is currently monitoring the situation and the extent of its impact on the Company's operations, cash flows and financial position. The management believes, based on its assessment, that the Company has sufficient liquidity available to continue fulfilling its financial obligations in the foreseeable future as and when they fall due.

2-2 Basis of measurement

These consolidated financial statements have been prepared using the accrual basis of accounting and the going concern concept and under the historical cost basis except employees' benefits which are measured at the present value of future obligations using the Projected Unit Credit Method.

2-3 Functional and presentation currency

These consolidated financial statements are presented in Saudi Arabian Riyals ("SR") which is the Group's entities functional and presentation currency.

2-4 Significant accounting judgements, estimates and assumptions

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities. Judgements, estimates and their underlining assumptions are reviewed on an ongoing basis. It depends on historical experience and other factors. Actual results may differ from these estimates. Revision to accounting estimates are recognized in the period in which the estimate is revised and any future period affected.

2. BASIS OF PREPERATION (continued)

2.4 Significant accounting judgments and estimates (continued)

Information about significant estimates and uncertainties and significant judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

(1) *Measurement of defined benefit obligations*

The Group's obligation in respect of defined benefit plan is calculated by estimating the amount of future benefits that employees have earned in current and prior periods and discounting that amount to arrive at present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. Judgments are used in estimating the actuarial assumptions. Key assumptions are disclosed in Note (15).

(2) *Impairment of non-financial assets*

The Group reviews the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use.

Non-financial assets and that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income immediately in the consolidated statement of profit or loss and other comprehensive income.

(3) *Determine the transaction price*
The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assesses and estimates the impact of any variable consideration in the contract, this includes discounts and rejections of claims. In determining transaction price the Group assesses whether the transaction price is constrained because of high susceptibility of the amount of transaction on factors which are outside the entity's control and uncertainty about the amount of consideration.

(4) *Impairment of trade and other receivables*

The Group follows an expected credit loss ("ECL") model for the impairment of trade receivables, this requires the Group to take into consideration certain estimates for forward looking factors while calculating the probability of default.

(5) *Going concern*

The Division's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may impact the Group's ability to continue as a going concern. Therefore, the consolidated financial statements were prepared on going concern basis.

2. BASIS OF PREPERATION (continued)

2.4 Significant accounting judgments and estimates (continued)

(6) Useful life and residual value of property and equipment and intangible assets

The management determines the estimated useful lives of property and equipment and intangible assets for calculating depreciation. This estimate is determined after considering expected usage physical wear and tear. Management reviews the residual value, depreciation method and useful lives annually and future depreciation charges are adjusted prospectively where management believes these differ from previous estimates.

(7) Provision for obsolete inventory

Management estimates the impairment to reduce the inventory to its net realizable value if the cost of the inventory is not recoverable or the inventory is damaged or become an obsolete in whole or in part, or if the selling price is lower than cost or any other factors that cause the net realizable value to become less than the carrying amount. Management valuation of net realizable value is based on the most reliable evidence at the time the estimates are used. These estimates take into account fluctuations in prices or costs directly attributable to events occurring after the date of the financial statements to the extent that they confirm that the circumstances of such events exist as at end of the financial period.

(8) Trade discount / suppliers rebates

The Group is entitled to trade discounts and rebates based on arrangements with the suppliers. This includes fixed and volume discounts based on purchases made from the suppliers. These discounts are estimated and accrued when the right to receive the discount is arise based on the terms and conditions of the contract or historical trends. The amount of trade discount is allocated between cost of sales and inventory based on the proportion of actual quantity sold and inventory held at the year-end.

(9) Fair value measurement

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

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

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

2. BASIS OF PREPERATION (continued)

2.4 Significant accounting judgments and estimates (continued)

(10) Current and non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or non-current classification.

Assets:
An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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 assets.

Liabilities:
A liability is current when it is:

- It is expected to be settled in the normal operating cycle;
- 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

All other liabilities are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied to all periods presented in these consolidated financial statements.

3-1 Basis of consolidation

The consolidated financial statements include the financial statements of the Group and its subsidiaries (referred to in Note 1). The financial statements of the subsidiaries are prepared for the same reporting year as that of the Group, using consistent accounting policies consistent with the Group's financial policies.

Subsidiary
Subsidiaries are entities controlled by the Group. 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 these entities. The subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Non-controlling interests
NCI are measured at their proportionate share of the identifiable net assets at the date of acquisition. Change in the Group's interest in a subsidiary that do not result in a loss of control is accounted for as equity transactions.

The Group does not add its indirect share in the subsidiaries that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are taken into account.

Loss of control
When the Group loses control of subsidiaries, the assets, liabilities, non-controlling interests and other components of equity are eliminated and any gains or losses are recognized in the statement of profit or loss and any shares held are recognized at fair value when control is lost.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3-2 Property and equipment

Recognition and Measurement

Items of property and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses.

Cost of a self-constructed item of property and equipment comprises the cost of materials and direct labor and any other costs directly attributable to bringing the item to working condition for its intended use.
Cost of an acquired item of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and any directly attributable cost of bringing the item to working condition for its intended use.

If a significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Capital work-in-progress represents all costs relating directly to on-going construction projects and are capitalized as a separate component of property and equipment. On completion, the cost of construction is transferred to the appropriate category. Capital work-in-progress is not depreciated.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property and equipment (continued)

Subsequent expenditure

Subsequent expenditure is capitalized when it is probable that future economic benefits deriving from the cost incurred will flow to the Group and the cost of the item can be measured reliably.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

Derecognition

Property and equipment are derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses from disposal of an item of property and equipment are determined based on the deference between net proceeds from selling and book value of disposed items of property, plant and equipment and they are carried on in the statement of profit or loss at the same period at which the disposal takes place.

Depreciation

Depreciation is an organized distribution of depreciable value of property and equipment items (asset's cost less asset's residual value) along the asset's useful life.

Depreciation cost is charged to statement of profit or loss on a straight-line basis over the estimated useful lives of the individual items of property and equipment. Leased assets are depreciated on the lower of lease period or the useful lives of assets. Unless there is a reasonable certainty that the asset's ownership will be transferred to the Group by the end of the lease term. Freehold lands held by the Group are not depreciated.

Property, plant and equipment items are accounted separately when their useful lives are different.

The estimated useful lives for the current and comparative periods are as follows:

	Years
• Buildings	10 - 25
• Furniture, fixture, office equipment & tools	4
• Motor vehicles	4
• Computer	4
• Machinery and equipment	4
• Decorations	4-8

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-3 Investments in real estate

Land and other real estate properties that are held directly to earn rentals (income generating property) and/or for capital appreciation (property held for capital appreciation) are classified as investment property and are initially recognized at acquisition cost. Impairment loss is recognized and assessed as per requirements mentioned in (2.4.2) above.

Gains or losses arising from the disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in consolidated statement of profit or loss and other comprehensive income.

The Group is following cost model for subsequent measurement of investment property whereby land and real estate investments are subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged on investment property, excluding land, on a straight-line. Rental income is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

3-4 Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in statement of profit or loss category consistent with the function.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Intangible assets are amortized over the estimated useful life as follows:

	Years
• Software	4
• Acquisitions of pharmacies	4

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-5 Inventories

Inventories are held at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete and slow-moving inventory.

3-6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset or assets even if that right is not explicitly specified in the arrangement.

Company as a lessee
At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for financial consideration. In order to assess the transfer of the right of control, the Company evaluates whether the customer has, throughout the period of use, all of the following:

a) The right to obtain nearly all the economic benefits from using the specified asset to a large extent
b) The right to direct control over the use of the specified asset

The Company recognizes the right to use asset on the lease start date (i.e., the date the underlying asset becomes available for use) as well as the lease obligation on the lease's commencement date. Right to use the asset is measured initially at cost, less accumulated depreciation. Impairment losses are adjusted for any re-measurement of the lease liability. The cost of the right to use assets includes the initial amount of the revised lease liability for any lease payments made on or before the commencement date, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located in accordance with the terms and conditions of the lease contract, less any lease incentives received. The estimated useful life of the right to use the assets is determined based on the term of the contract.

The lease liability is measured initially at lease's commencement date at the present value of unpaid lease payments on that date. The Company deducts the lease payments using the interest rate implicit in the lease if that rate can be easily determined. If it is not possible to determine that rate easily, then the Company is required to use the additional borrowing rate after the commencement date of the lease agreement, the lessee must measure the lease liabilities through the following:

a) Increase the carrying amount to reflect the interest rate on the lease liabilities;
b) Decrease the carrying amount to reflect rental payments;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

c) Re-measure the carrying amount to reflect any revaluation or adjustments to the lease contract or to reflect fixed substantially or modified lease payments that are re-measured when there is a change in future lease payments arising from a change in the index or rate or if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. Any such re-measurement in the lease liability is settled against the carrying value of the right-of-use asset or charged to the statement of income if carrying value of the related asset is zero.

Short-term leases
The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognizes lease payments related to these leases as expenses on a straight- line basis over the lease term.

Extension options
In the case of leases that provide an option for extension, the Company assesses whether it is reasonably certain to exercise extension options at the commencement of the lease. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

3-7 Financial instruments

The Group has applied the following classification and measurement requirements for financial instruments.

Recognition of financial instruments
Financial asset and liability is recognized when the Group represents a part of contractual obligations of the instrument, which is usually at the date of trade. The Group derecognizes financial asset when contractual cash flows of these assets are expired, or when the Group transfers financial asset's contractual cash flows in a transaction in which all risks and rewards of ownership of assets are substantially transferred. Any interests resulted from transferred financial assets that the Group has established or held as consolidated assets or liabilities are recognized.

Derecognition
On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i)the consideration received (including any new asset obtained less any new liability assumed) and (ii)any cumulative gain or loss that had been recognized in OCI is recognized in the profit or loss. However, in respect of equity securities designated as at FVOCI, any cumulative gain / loss recognized in OCI is not recognized in the profit or loss on derecognition.

A financial liability is derecognized from the consolidated statement of financial position when the Group has discharged its obligation or the contract is cancelled or expires.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

Classification of financial instruments

The Group classified its financial assets into the following measurement categories:

1) Assets to be measured at amortized cost; or
2) Fair value through profit or loss (FVTPL); or
3) FVOCI - investment in equity instruments

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flows.

Financial assets are not reclassified subsequently to initial recognition unless the Group changed business model for managing the financial assets. In such case, all affected financial assets are reclassified at the first day of the first financial period subsequent to business model change.

Financial assets are measured at amortized cost if it meets both of the following conditions and are not recognized as financial assets at fair value through profit or loss:

Kept in business model which aims to keep assets to gain contractual cash flows; and
The contractual conditions lead to enter into certain dates for cash flows which represent the principal and the interests of the basic pending amount.

Upon the initial measurement of equity instruments, which the Group does not hold for trading purpose, the Group can elect to present any subsequent changes in fair value for these investments in the statement of other comprehensive income. This election is made on an investment by investment basis.

Any other financial assets not classified or measured at amortized cost or fair value through other comprehensive income as above mentioned, are measured at fair value through profit or loss, including derivative financial assets.

Financial assets- subsequent measurement - profits or losses:

Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss is recognized in profit or loss.
FVOCI (Equity instruments)	These assets are subsequently measured at fair value. Dividends are recognized as revenues in the statement of profit or loss, unless these dividends represent recoverable amounts for part of the investment cost. Any other profits or losses are recognized in the statement of other comprehensive income and shall not be reclassified to the statement of profit or loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net profits or losses, including any benefits or dividends are recognized in the statement of profits or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

Classification of financial instruments (continued)

The Group classifies its financial liabilities as measured at amortized cost

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or derivatives is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and profit or loss is recognized in the statement of profit or loss. Any other financial liabilities are subsequently measured at amortized cost using effective interest rate.

Reclassification
When an entity changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with the above mentioned classification requirements.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention for the Group to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets
IFRS 9 requires an entity to follow an expected credit loss model for the impairment of financial assets.
Expected credit loss should be measured for financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments investments.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-months ECL. These are ECLs that result from possible default events within the 12 months after the reporting date;
- Lifetime expected credit loss. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a credit asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. The Group can assume that credit risks on a financial instrument didn't significantly increase since the initial recognition; if the financial instrument is previously determined as low credit risk instrument at the date of report. However, lifetime expected credit loss measurement is always applied on trade receivables and assets of the contracts without the presence of a significant finance item, in which the Group can adopt this policy to trade receivables with a significant finance item.
The Group elected to evaluate trade receivables impairment using 12-month expected credit loss model.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Financial instruments (continued)

The carrying amount of financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in the profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write - off is later recovered, it is recognized in profit or loss in the period of recovery.

Accounts receivable
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognized within the consolidated statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term highly liquid investments with original maturities of three month or less, if any, which are available to the Group without any restrictions. Overdraft is made against cash and cash equivalents.

3-8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to the recoverable amount. 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. The value in use is based on a discounted cash flow (DCF) model, whereby the future expected cash flows discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Impairment of non-financial assets (continued)

The losses arising from impairment are recognized in the consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An assessment is conducted at each reporting date to determine whether there is an evidence of impairment loss previously recorded or curtailed. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of the statement of profit or loss.

Non-financial assets other than goodwill, if any, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3-9 Employees' benefits

The Group is required by law to pay end of service benefits (defined benefit plan) in accordance with the Saudi Labor Law. The benefit of the end of service benefit equals half the salary of the last month of each of the first five years of service, including the fractions of the year, in addition to the salary of the last month in full for each year of the remaining / subsequent service, including fractions of the year. Entitlement factors are applied in cases of resignation. The end of service benefit plan is unfunded.

End-of-service benefits
The defined benefit plan is a compensation plan paid to employees after their services are completed and in accordance with the Saudi Labor Law, the Group makes payments to employees upon completion of their services, which are usually based on years of service, salary and reason of termination.

Evaluation methodology and key assumptions for the actuarial study
In compliance with the requirements of IAS 19 "Employee Benefits", the end of service indemnity is determined by actuarial valuation using the projected unit credit actuarial cost method at the end of each financial year. The gain or loss arising from actuarial revaluation is recognized in the statement of comprehensive income for the period in which the revaluation occurred. Re-measurement recognized in comprehensive income is immediately reflected in retained earnings and is not included in profit or loss. The cost of the previous service (past cost) is calculated in profit or loss during the plan adjustment period. Interest is calculated by applying the discount rate at the beginning of the period to the specified employee benefit asset or liability.

The cost of the current service of the defined benefit plan is recognized in the statement of profit or loss under employee benefit expense to reflect the increase in the liability resulting from staff services for the current year and the cases of change, reduction or adjustment of benefits. Service costs for the previous years are directly are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Employee benefits (continued)

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions are charged in equity in the statement of other comprehensive income in the period in which they arise.

Defined benefit costs are classified as follows:
- cost of service (including current service costs, past service cost, as well as gains and losses resulting from the scaling up and reimbursement of staff benefits);
- Interest cost; and
- Re-measurement.

Short-term employee benefits
Liabilities are recognized and measured for benefits in respect of wages, salaries, annual leave and sick leave in the period in which they are rendered in the undiscounted amounts of the benefits expected to be paid for these services.

Retirement benefit costs
The Group contributes to the retirement benefits of employees in accordance with the regulations of the General Organization for Social Insurance and is calculated as a percentage of the employees' remuneration. Payments are treated to government-managed pension benefit plans as payments to specific contribution plans as the Group's liabilities against these plans are equivalent to those that arise in a defined contribution retirement plan. Payments to retirement benefit plans are charged as an expense when due.

3-10 Revenue recognition

Under IFRS 15, an entity recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the goods or services pertaining to the respective performance obligation is transferred to the customer.

The Standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to the contracts with their customers. The Standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

With the exception of the Loyalty Points Program, the Group's activities and contracts with its clients include one performance obligation and revenue is recognized at the time when control of the goods is transferred to customers.

The Group recognizes revenue at the amount of the transaction price for the related performance obligation. Revenue is recorded net of returns, trade discounts, volume rebates, estimates of other variable consideration and amounts collected on behalf of third parties.

(1) Sale of Goods
The Group’s contracts with customers for the sale of medicines and pharmaceutical products generally include one performance obligation. The Group has concluded that revenue from sale of medicines and pharmaceutical products should be recognized at the point in time when control of the asset is transferred to the customer, generally on delivery.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Revenue recognition (continued)

(2) Loyalty program

Revenue from loyalty points for registered customers in the loyalty program included separate performance obligation.

Revenue is allocated between the loyalty program and the other components of the sale using independent selling price. It is recognized as revenue when the Group has fulfilled its obligations to supply the discounted products or free goods under the terms of the program or when it is no longer probable that the points under the program will be redeemed.

(3) Revenue from leases

Rental income is recognized in on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(4) Other Income

Other income that are incidental to the Group's business model are recognized as income as they are earned or accrued. This represents profit from sale of scrapped inventory and other miscellaneous income.

3-11 Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by shareholders of the Group.

3-12 Zakat and taxation

The Group is subject to zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). Group's Zakat and its share in Zakat of subsidiary are charged to the consolidated statement of profit or loss and other comprehensive income. Additional Zakat liability, if any, related to prior years' assessments arising from GAZT are accounted for in the year in which the final assessments are finalized.

The Group withholds taxes on transactions with non-resident parties in accordance with the GAZT regulations.

3-13 Value added tax

The value added tax was introduced in Saudi Arabia as of 1 January 2018 (14 Rabee Al Akher 1439H), which is tax on the supply of goods and services ultimately borne by the consumer, but collected at each stage of the production and distribution chain as a general principle. The value added tax (VAT) transaction in the Group's accounts should reflect its role as a tax collector and the VAT should not be included in income or expenditures, whether of capital nature or income. However, there will be circumstances in which the Group will incur VAT, and in such cases where VAT is non-refundable, it must be included in the cost of the product or service.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-14 Provisions, contingencies and commitments

Provisions are recognized when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured. Certain provisions are based on management's estimate of the actual amount payable.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed in the consolidated statement of profit or loss and other comprehensive income.

Contingent liability is:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but is not recognized because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized and are disclosed, unless the probability of an outflow of resources embodying economic benefits is remote.

Commitments represent binding agreements of the Group to carry out specified courses of action involving in a transfer of cash or other asset to the respective counterparties. For details of Group's contingencies and commitments at the reporting date, please see note 23.

3-15 Trade payables and accruals

Trade payables and other payables are recognized at fair value and are subsequently carried at amortized cost using the effective interest method. The Group derecognizes a financial liability (or part of a financial liability) from its statement of financial position when, and only when, it is extinguished; that is, when the liability specified in the contract is discharged or canceled or expires.

3-16 Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group in its functional currency using the spot rate at the date of the transaction it first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated in the functional currency using the rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognized in consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-17 Expenses

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

3-18 Statutory reserve

Company's Articles of Association requires transferring 10% of annual net income to a statutory reserve. The ordinary General Assembly can decide to stop transferring to the above-mentioned reserve till it reaches 30% of paid share capital.

3-19 Finance income and finance costs

Finance income and finance costs comprise of Islamic Murabaha of invested money which are recognized in profit or loss. Interest income from Islamic Murabaha is recognized as it accrues under profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss using the effective interest method.

3-20 Segment information

An operating segment is a company of assets and processes that jointly engage in the rendering of products or services subject to risks and rewards that differ from those of other business segments and which are measured in accordance with the reports used by the executive management.

A geographical segment is associated with the provision of products or services in a specific economic environment that is subject to risks and rewards that differ from those of segments of business in economic environment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3-21 New standards, amendments and standards issued and not yet effective

New standards, interpretations and amendments adopted by the Group
There are no new standards that were issued, however, there are a number of amendments to the standards which are effective as of 1 January 2020, which did not have a material impact on the consolidated financial statements.

Effective as of	AMENDMENTS TO STANDARDS
1 January 2020	Definition of Material – Amendments to IAS 1 and IAS 8
1 January 2020	Definition of a Business – Amendments to IFRS 3
1 January 2020	Amendments to References to Conceptual Framework in IFRS standards

Standards issued and not yet effective
Standards and amendments issued but not yet effective up to the date of issuance of the Group's consolidated financial statements are listed below. The Group does not expect a material impact on the consolidated financial statements if the below standards and amendments are applied.

Effective for annual periods beginning on or after	New standards or amendments
1 January 2020	Amendments to IFRS 9, IAS 39 and IFRS 16 and IFRS 4 - Phase II (Interest Rate Correction)
1 January 2022	Onerous contracts - Cost of contact completion (Amendments to IAS 37)
	Annual improvements to IFRS Standards 2018-2020
	Property, plant and equipment: Proceeds before Intended Use (Amendments to IAS 16)
	Reference to the conceptual framework (amendment to IFRS 3)
1 January 2020	Amendments to IAS 1 “Presentation of Financial Statements” on the classification of liabilities
	IFRS 17 - Insurance contracts and amendment to IFRS 17 - Insurance contracts
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

4. PROPERTY AND EQUIPMENT

a) Movement in property and equipment during the year ended 31 December 2020 is as follows:

31 December 2020	Note	Land	Decorations	Computer	Machinery and equipment	Capital work in progress	Buildings	Furniture, fixture, office equipment & tools	Motor vehicles	Total
Cost										
Balance at 1 January 2020		111,972,150	775,387,579	117,728,479	123,733,552	61,423,299	43,053,661	41,106,881	1,782,356	1,276,187,957
Additions		--	105,115,032	8,401,923	41,342,109	119,487,996	10,317,508	11,036,665	147,200	295,848,433
Acquisition of subsidiary	25	--	58,735	58,200	29,419	--	--	--	--	146,354
Impairment in properties		(8,599,150)	--	--	--	--	--	--	--	(8,599,150)
Transferred from projects in progress		--	26,844,900	--	--	(26,844,900)	--	--	--	--
Disposals		--	(8,038,741)	(7,746,574)	(5,750,808)	--	(6,957,707)	--	(625,875)	(29,119,705)
Write-offs		--	(27,222,827)	--	--	--	--	(721,785)	--	(27,833,566)
Balance at 31 December 2020		103,373,000	872,144,678	118,442,028	159,354,272	154,066,395	46,413,462	51,421,761	1,303,681	1,506,519,277
Accumulated depreciation:										
Balance at 1 January 2020		--	395,940,086	99,302,418	89,240,121	--	17,347,624	27,349,660	1,488,250	630,668,159
depreciation		--	101,509,604	7,567,389	22,683,409	--	2,304,572	6,395,361	169,792	140,630,127
Disposals		--	(5,039,989)	(7,738,994)	(5,544,278)	--	(5,183,129)	--	(625,874)	(24,111,841)
Write-offs			(19,873,094)			--	--	(363,369)	--	(20,256,886)
Balance at 31 December 2020		**--**	**472,536,607**	**99,130,813**	**106,379,252**	**--**	**14,469,067**	**33,381,652**	**1,032,168**	**726,929,559**
Carrying amounts										
At 31 December 2020		103,373,000	399,608,071	19,311,215	52,975,020	154,066,395	31,944,395	18,040,109	271,513	779,589,718

4. PROPERTY AND EQUIPMENT (continued)

b) The movement in property and equipment for the year ended 31 December 2017 comprise the following:

31 December 2019	Land	Decorations	Computer	Machinery and equipment	Capital work in progress	Buildings	Furniture, fixture, office equipment & tools	Motor vehicles	Total
Cost									
Balance at 1 January 2019	126,241,986	672,038,542	111,548,274	103,256,064	35,291,637	27,517,533	31,847,084	1,643,556	1,109,384,676
Additions	--	132,251,130	6,213,890	25,484,570	28,377,227	15,536,128	9,972,160	138,800	217,973,905
Impairment in properties	(14,269,836)	--	--	--	--	--	--	--	(14,269,836)
Write-offs	--	--	--	--	(2,245,565)	--	--	--	(2,245,565)
Disposals	--	(28,902,093)	(33,685)	(5,007,082)	--	--	(712,363)	--	(34,655,223)
Balance at 31 December 2019	111,972,150	775,387,579	117,728,479	123,733,552	61,423,299	43,053,661	41,106,881	1,782,356	1,276,187,957
Accumulated depreciation:									
Balance at 1 January 2019	--	320,680,324	89,054,580	78,219,194	--	15,300,329	21,829,991	1,314,212	526,398,630
depreciation	--	96,109,138	10,269,824	15,787,544	--	2,047,295	6,093,851	174,038	130,481,690
Disposals	--	(20,849,376)	(21,986)	(4,766,617)	--	--	(574,182)	--	(26,212,161)
Balance at 31 December 2019	--	395,940,086	99,302,418	89,240,121	--	17,347,624	27,349,660	1,488,250	630,668,159
Carrying amounts									
At 31 December 2019	111,972,150	379,447,493	18,426,061	34,493,431	61,423,299	25,706,037	13,757,221	294,106	645,519,798

4. PROPERTY AND EQUIPMENT (continued)

c) Capital work in progress represents the cost incurred in constructing the Company's warehouse in Al-Khomra region and implementation of pharmacies' decorations. During 2020, there were no new phases ready for use and the project is expected to be completed within the following year.

d) The Company has studied the impairment of lands and the recoverable value has been calculated as on 31 December 2020, based on the fair value of the lands by an independent external evaluator with appropriate professional qualifications and previous experience on the site and the type of the real estate evaluated. The fair value of the land amounted to SR 103,4 million (2019: SR 111.9 million). It was determined based on the evaluation provided by Abdullah Al Kathiri Real Estate Evaluation Office, an independent certified real estate evaluator (license number 1210000252). The fair value of the lands was determined based on the prevailing market prices for similar lands.

5. INVESTMENTS IN REAL ESTATE

	31 December 2020 Land	31 December 2019 Land
Balance at 1 January	**193,000,000**	194,894,184
Impairment of investment property	**(14,000,000)**	(1,894,184)
Balance at 31 December	**179,000,000**	193,000,000

The fair value of real estate investments amounted to SAR 179 million as on 31 December 2020 (31 December 2019: SR 193 million). It was determined based on the evaluation provided by Abdullah Al Kathiri Real Estate Evaluation Office, an independent certified real estate evaluator (license number 1210000252). The fair value of the properties was determined based on the prevailing market prices for similar properties.

6. LEASES

The movement in the right-to-use assets during the year ended 31 December 2019 comprise the following:

	31 December 2020 Expressed in Saudi Arabian Riyals	31 December 2019 Expressed in Saudi Arabian Riyals
Balance at 1 January	**1,306,061,068**	1,263,625,084
Additions	**284,078,830**	385,798,723
Disposals during the year	**(55,928,446)**	--
Right to use assets on acquisition of subsidiary (notes 1 and 25)	**1,643,737**	--
Depreciation during the year	**(349,013,626)**	(343,362,739)
Balance at 31 December	**1,186,841,563**	1,306,061,068

6. LEASES (continued)

The depreciation charge for the year has been allocated as follows:

	Notes	2020	2019
Selling and distribution expenses	19	**340,512,378**	334,449,769
General and administrative expenses	20	**8,501,248**	8,912,970
		349,013,626	343,362,739

- Movement on lease liabilities as at 31 December are as follows:

	2020	2019
Balance at 1 January	**1,217,799,365**	1,328,207,948
Interest expenses	**47,192,649**	48,151,665
Additions	**284,078,828**	256,357,843
Disposals during the year	**(34,469,589)**	--
Obligation on acquisition of subsidiary (Note 1 & 25)	**2,008,257**	--
Payment	**(311,525,936)**	(415,080,046)
Balance at 31 December	**1,205,083,574**	1,217,637,410

- The following are the lease obligations as classified in the consolidated statement of financial position:

	2020	2019
Short-term obligation	**376,130,633**	233,227,439
Long term obligation	**828,952,941**	984,409,971
	1,205,083,574	1,217,637,410

7. INTANGIBLE ASSETS

a) 31 December 2020

	Software	Acquisition of pharmacies	Total
Cost:			
Balance at 1 January 2020	138,555,860	118,334,617	256,890,477
Additions	23,951,426	--	23,951,426
Acquisition of subsidiary (Note 25)	74,217	--	74,217
Write-offs	(83,642)	--	(83,642)
Balance at 31 December 2020	**162,497,861**	**118,334,617**	**280,832,478**
Accumulated amortization:			
Balance at 1 January 2020	104,000,611	117,809,708	221,810,319
Amortization	17,008,992	524,909	17,533,
Write-offs	(83,642)	--	(83,642)
Balance at 31 December 2020	**120,925,961**	**118,334,617**	**239,260,578**
Carrying Value			
Balance as at 31 December 2020	**41,571,900**	**--**	**41,571,900**

7. INTANGIBLE ASSETS (continued)

b) 31 December 2019

	Software	Acquisition of pharmacies	Total
Cost:			
Balance at 1 January 2019	129,068,165	120,268,759	249,336,924
Additions	16,443,598	--	16,443,598
Disposals	(6,955,903)	(1,934,142)	(8,890,045)
Balance at 31 December 2019	138,555,860	118,334,617	256,890,477
Accumulated amortization:			
Balance at 1 January 2019	90,638,932	118,579,475	209,218,407
Amortization	20,416,540	1,065,417	21,481,957
Disposals	(7,054,861)	(1,835,184)	(8,890,045)
Balance at 31 December 2019	104,000,611	117,809,708	221,810,319
Carrying Value:			
Balance as at 31 December 2019	34,555,249	524,909	35,080,158

8. PREPAYMENT AND OTHER ASSETS

	2020	2019
Non – current		
Lease prepayments – key money payments	**4,634,857**	7,227,298
	4,634,857	7,227,298
Current		
Advance payments to suppliers	**71,439,084**	69,279,495
Employees' loans	**40,021,505**	21,389,344
Other prepayments	**39,578,951**	30,172,093
Letters of credit	**15,634,683**	25,416,604
Value added tax	**2,501,898**	2,147,651
Others	**5,375,805**	2,984,058
	174,551,926	151,389,245

9. INVENTORIES

	2020	2019
Inventories	**1,376,136,540**	1,224,847,173
Less: Provision for slow moving inventory	**(195,170,998)**	(90,978,892)
	1,180,965,542	1,133,868,281

9. INVENTORIES (continued)

9.a. Inventories as at 31 December 2020 include goods on consignment held with the agents amounting to SR Nil (2019: SR 625 million).

9. b. The movement in the provision for slow moving items for the year ended 31 December is as follows:

	2020	2019
Balance, at beginning of the year	**90,978,892**	88,453,803
Additions	**142,329,000**	31,189,755
Write-offs	**(38,136,894)**	(28,664,666)
Balance at end of the year	**195,170,998**	90,978,892

10. TRADE RECEIVABLES

	2020	2019
Trade receivables	**108,120,130**	154.391.184
Operating pharmacies - agents	**--**	16,908,571
Less: Allowance for expected credit losses (ECL)	**(13,341,110)**	(32,158,477)
	94,779,020	139,141,278

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

	2020	2019
Balance, at beginning of the year	**32,158,477**	13,585,137
Additions	**--**	25,000,000
Reversal for allowance for expected credit losses	**(18,000,000)**	--
Write-off	**(817,367)**	(6,426,660)
Balance at end of the year	**13,341,110**	32,158,477

10.c Information about the Group's exposure to credit and market risks and impairment losses for trade receivables is included in Note 22.

11. CASH AND CASH EQUIVALENTS

	2020	2019
Cash at banks – current accounts	**947,351,082**	147,252,723
Financial investments at amortized cost*	**--**	200,000,000
Cash on hand	**61,178,581**	25,100,876
	1,008,529,663	372,353,599

* as at 31 December 2019, financial investments at amortized cost represent time deposit (Murabaha) placed with local banks, carrying profits at 2.20% per annum with maturity date less than 3 months of the deposit.

12. FINANCIAL INVESTMENT AT AMORTIZED COST

As at 31 December 2020, financial investments at amortized cost are represent (murabaha) deposits with local banks, bearing a profit rate of Nil (2019: 2.47%) annually with a maturity of more than 6 months.

13. SHARE CAPITAL AND RESERVES

Share capital

The Company's capital amounted to one billion Saudi riyals (2019: SR 50) divided into 1,000,000 shares (2019: 50,000 shares) with a nominal value of SR 1,000 (2019: SR 1,000). **The shareholding structure of the Company is as follows:**

Partners	No. of shares held		Percentage %	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
SEDCO	**500,000**	25,000	**50%**	50%
Al Nahdi Holding Co.	**500,000**	25,000	**50%**	50%
	1,000,000	50,000	**100%**	100%

On 15 March 2020, the Shareholders has decided to increase the Company's capital by SR 950 million from the retained profits, so that the company's capital after the increase became one billion Saudi riyals. The legal procedures for amending the Company's articles of association and the commercial registry were completed on 10 August 2020, so that the capital after the increase is as follows:

Shareholder's name	Amount
Saudi Economic and Development Holding Company (SEDCO)	500,000,000
Al Nahdi Holding Co.	500,000,000
Total	1,000,000,000

Statutory reserve

In accordance with the Company's By-Laws, the Company is required to sets aside 10% of its net income in each year to a statutory reserve until such reserve equals to 30% of the share capital. This Statutory Reserve is not available for distribution to shareholders.

Dividends

The shareholders in their meetings held on 4 April 2020, and 12 October 2020resolved to distribute dividends of SR 335 million and SR 200 million (2019: SR 500 million) which were paid to the shareholders during the year.

14. EMPLOYEE BENEFITS

The Group operates an approved unfunded employees' end of service benefits scheme for its permanent employees as required by Saudi Arabian Labour and Workmen law.

The valuation was prepared by an independent external actuarial using the following key assumptions:

- As at 31 December 2020, the discount rate was 2.25% for the Group and the subsidiary annually (31 December 2019: Discount rate is 3.25% for the Company annually).
- As at 31 December 2020, the salary increase rate reached 4% for the Company and the subsidiary annually (31 December 2019: 4% for the Company annually).

The present value of total employee benefits liability recognized in the consolidated Statement of Financial Position is determined as follows:

	2020	2019
Employees end of service benefits	**329,487,592**	168.829.324

Movement in net defined benefit liabilities

The movement in the present value of the end-of-service benefits over the year is as follows:

	2020	2019
Balance at 1 January	**168,829,324**	142,569,721
Recognized in profit of loss		
Current service cost	**44,039,885**	18,417,361
Interest cost	**13,339,923**	5,945,222
Total	**57,379,808**	24,362,583
Included in other comprehensive income		
Actuarial loss	**19,576,276**	21,903,558
Total	**19,576,276**	21,903,558
Transfer from agents	**70,150,460**	--
Obligation on acquisition of subsidiary (Note 1)	**48,351,986**	--
Benefit paid	**(34,800,262)**	(20,006,538)
Balance at 31 December	**329,487,592**	168.829.324

14. EMPLOYEES' BENEFITS (continued)

Actuarial assumptions

The main actuarial assumptions used to calculate the indicative defined unfunded benefit plans liabilities (expressed as weighted averages) are as follows:

	2020	2019
Financial assumptions		
Discount rate (p.a.)	**2.25%**	3.25%
Future salary growth / Expected rate of salary increase	**4%**	4%
Demographic assumptions		
Mortality (p.a.)	**0.25%**	0.28%
Retirement age	**60**	60

As at 31 December 2020, the weighted average duration of the defined benefit obligation is 9.76 years (2019: 9.22 years).

Sensitivity analysis:
The sensitivity of defined benefit obligation to changes in the weighted principal assumptions for the year ended 31 December 2019 is as follows:

	Impact on defined benefit obligation Increase / (decrease) in actual figures	
	2020	2019
Financial assumptions		
Base	**305,977,917**	168,829,324
Discount rate increase 1%	**(7,351,059)**	(1,688,293)
Discount rate Decrease by 1%	**6,052,754**	1,688,293
Future salary growth / expected rate of Bases		
	305,977,917	168,829,324
salary increase by 1%	**7,376,470**	1,688,293
Salary decrease by 1%	**(6,020,280)**	(1,688,293)

15. ACCRUED EXPENSES AND LIABILITIES

	2020	2019
Non – current		
Staff related accruals	**14,380,998**	10,395,445
	14,380,998	10,395,445

15. ACCRUED EXPENSES AND LIABILITIES (continued)

	Note	**2020**	2019
Current			
Accrued expenses and other liabilities			
Due to related party	16	**24,179,176**	44,320,893
Accrued expenses		**65,839,273**	84,051,068
Deferred revenue	15.a	**37,505,063**	35,305,733
Due to operating pharmacies - agents		**37,425,303**	8,196,433
Other liabilities		**147,400,174**	116,857,226
Staff related accruals		**163,433,930**	125,277,701
Value added tax (VAT) payable		**6,221,539**	--
		482,004,458	414,009,054

15.a This amount represents the accrued revenue under the loyalty program that will be recognized when the customers redeem their earned points or when the points expire according to the terms and conditions of the program in accordance with the guidelines of IFRS 15.

16. TRANSACTIONS WITH RELATED PARTIES

a) The entire list of related parties has been provided below:

Name	**Relationship**
Tawjeeh Services & Commercial Investments Company Limited	Shareholder's related party
Al Nahdi Holding Co.	Shareholder
Khota Al Khair for Commercial Services Company Limited	Affiliate

b) The significant transactions and the related amounts are as follows:

Name of Entity	Nature of transaction	Amount of transaction **2020**	2019
Al Nahdi Holding Co.	Purchase of share in subsidiary	**8,897,730**	--
Tawjeeh Company for Services and Commercial Investments Company	Purchase of share in subsidiary	**8,897,730**	--

16. TRANSACTIONS WITH RELATED PARTIES (continued)

c) Due to related parties as at 31 December are comprised of the following:

	2020	2019
Generosity Golden Company	**--**	37,937,177
Khota Al Khair for Commercial Services Company Limited	**6,383,716**	6,383,716
Al Nahdi Holding Co.	**8,897,730**	--
Tawjeeh Company for Services and Commercial Investments Company	**8,897,730**	--
	24,179,176	44,320,893

d) Transactions with key management personnel

Compensation to key management personnel comprises of the following:

	2020	2019
Remuneration	**34,870,113**	28,561,943
Long-term senior management retirement plan benefits	**48,873,192**	44,492,791

Compensation to Company's key management personnel includes salaries and contributions to post-employment defined benefit plan.

17. SALES COST

	Note	**2020**	2019
Cost of goods sold		**5,110,740,083**	4,718,388,350
Salaries and wages		**18,733,697**	5,349,951
Depreciation on property and equipment		**5,951,735**	2,451,131
Provision for slow moving inventory	10	**142,329,000**	31,189,755
Costs of operated pharmacies		**87,351,136**	603,581,482
Other expenses		**29,429,703**	--
		5,394,535,354	5,360,960,669

18. OTHER INCOME – NET

	2020	2019
Recovery of operating pharmacy costs / reversal of accrued expenses	**14,544,000**	9,852,930
Income from deposits	**5,445,605**	6,379,010
Rental income	**1,464,109**	3,769,463
Scrap sale of inventory	**1,642,908**	1,677,809
Profits (losses) from property disposal	**1,126,248**	(2,259,348)
Other income	**7,235,329**	7,182,483
	31,458,199	26,602,347

19. SELLING AND MARKETING EXPENSES

	Note	**2020**	2019
Salaries and employees' benefits		**1,117,410,042**	612,566,190
Right of use – depreciation	7	**340,512,378**	334,449,769
Depreciation and amortization	4 & 7	**125,252,830**	122,274,441
Advertising and promotion		**75,687,422**	45,449,045
Attestation of governmental expenses		**65,164,479**	34,142,114
Utilities		**47,787,240**	19,264,589
Loading and packing expenses		**29,450,398**	25,724,623
Repair and maintenance		**28,914,614**	10,842,940
Rent of sales outlets		**10,319,972**	10,886,900
Communications		**5,846,557**	2,148,142
Entertainment		**3,003,817**	5,306,444
Other expenses		**138,203,516**	104,172,440
		1,987,553,265	1,327,227,637

20. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	**2020**	2019
Salaries and employees' benefits		**170,455,494**	154,758,489
Other		**43,278,840**	22,660,737
Board of directors' remunerations		**34,900,016**	28,561,943
Depreciation and amortization	4 & 7	**26,959,463**	29,689,206
Repair and maintenance		**26,392,124**	23,949,313
Professional fees		**16,474,442**	26,761,820
Right of use – depreciation	6	**8,501,248**	8,912,970
Attestation and government expenses		**6,304,420**	8,053,243
Communications		**3,765,979**	2,926,655
Entertainment expenses		**--**	3,925,326
		337,032,026	310,199,702

21. PROVISION FOR ZAKAT

Zakat included in the consolidated Statement of Profit or loss and other comprehensive income are comprised of the following:

	2020	2019
Recognized in profit of loss		
Zakat		
- Current year	**45,330,000**	33,200,008
- Prior years	**--**	43,429,877

21. ZAKAT PROVISION (continued)

The movement in the zakat liability is as follows:

	2020	2019
Balance, at beginning of the year	**78,440,176**	37,056,138
Acquisition of subsidiary	**2,928,441**	--
Transfer from agents	**2,298,555**	--
Provision for the current year	**45,330,000**	33,200,008
Provision for the previous years	**--**	43,429,877
Payment during the year	**(30,943,252)**	(35,245,847)
Balance at end of the year	**98,053,920**	78,440,176

Components of zakat base – Parent

The principal elements of the zakat base are as follows:

	2020	2019
Equity at the beginning of the year	**1,784,402,513**	1,114,303,608
Net adjusted income	**1,155,161,930**	880,313,499
Provisions at beginning of year	**287,195,279**	173,337,050
Lease liabilities	**1,200,471,433**	--
Less :		
Property and equipment & intangible assets	**(762,515,100)**	(646,953,823)
Investment in real estate	**(179,000,000)**	(193,000,000)
Right-to-use assets	**(1,194,952,789)**	--
Zakat base:	**1,755,763,266**	1,328,000,334
Zakat for the year	**45,330,000**	33,200,008

Some of these amounts have been adjusted in arriving at the Zakat charge for the Parent Company.

21.1 Status of final assessments

Al Nahdi Medical Company

Years since commencement of operation till the year ended 31 December 2012
The Company's Zakat status has been finalized with the General Authority for Zakat and Income Tax, and all amounts due for these years have been paid.

Years from 2013 up to 2019
The Company has filed its zakat declarations to GAZT and obtained the restricted Zakat certificates, and it did not receive any assessments for those years to date.
The Company has received Zakat certificate valid until 30 April 2021.

Al Nahdi Care
The Company was established during the year 2019 and the first Zakat declaration was submitted for the period ending 31 December 2019.

The Company has received Zakat certificate valid until 30 April 2021.

22. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT

The Group has no financial assets or liabilities measured at fair value, all its financial assets and liabilities are measured at amortized cost as follows:

31 December 2020		Fair value:				
Description	**Carrying value:**	**Level 1**	**Level 2**	**Level 3**	**Amortized cost**	**Total**
Financial Assets						
Cash and cash equivalents	**1,008,529,663**	--	--	--	**1,008,529,663**	**1,008,529,663**
Trade receivables	**94,779,020**	--	--	--	**94,779,020**	**94,779,020**
	1,103,308,683	--	--	--	**1,103,308,683**	**1,103,308,683**
Financial liabilities						
Trade payables	**442,672,772**	--	--	--	--	**442,672,772**
Lease liabilities	**1,205,083,574**	--	--	--	--	**1,205,083,574**
	1,647,756,346	--	--	--	--	**1,647,756,346**

31 December 2019		Fair value				
Description	Carrying value	Level 1	Level 2	Level 3	Amortized cost	Total
Financial Assets						
Cash and cash equivalents	372,353,599	--	--	--	372,353,599	372,353,599
Investment at amortized cost	202,831,643	--	--	--	202,831,643	202,831,643
Trade receivables	139,141,278	--	--	--	139,141,278	139,141,278
	714,326,520	--	--	--	714,326,520	714,326,520
Financial liabilities						
Trade payables	512,758,446	--	--	--	512,758,446	512,758,446
Lease liabilities	1,217,637,410	--	--	--	1,217,637,410	1,217,637,410
	1,730,395,856	--	--	--	1,730,395,856	1,730,395,856

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value and cash flow, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of risks of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

22. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks in close co-operation with the Group's operating units. The most important types of risk are credit risk, currency risk and fair value and cash flow interest rate risks.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated Statement of Financial Position include cash and bank balances and investment at amortized cost, trade and other receivables, trade and other payables and borrowings. The recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk include three types of risk: Interest rate on cash flows risk, currency risk and equity price risk.

a) Cash flow interest rate risk

Cash flow interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's consolidated Statement of Financial Position and cash flows. Management monitors the changes in interest rates and believes that the cash flow interest rate risks to the Group are not significant.

Currently, the Group does not have any borrowings.

22. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

b) Currency risk

Currency risk is the risk that the value of a financial instrument denominated in foreign currencies will fluctuate due to changes in foreign exchange rates, in case the Group does not hedge its currency exposure by means of hedging instruments.

The Group's transactions are principally in Saudi Riyals. Other transactions in foreign currencies are not material and hence the Group is not exposed to any significant currency risk.

c) Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate due to changes in equity prices. The Group is not exposed to equity price risk as the Group does not hold investments in equity securities.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's principal financial assets subject to credit risk are bank balances, investment at amortized cost and trade and other receivables.

Credit risk arises from the possibility that assets could be impaired because counter parties cannot meet their obligations in transactions involving financial instruments. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular segment of customers. The Group has established procedures to manage credit exposure including credit approvals and credit limits. These procedures are mainly due to the Group's internal guidelines. An impairment allowance is maintained on trade receivables based on the "Expected Credit Loss" model. The allowance is measured based on the lifetime expected credit losses (simplified approach) as these do not contain a significant financing component.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

	2020	2019
Financial Assets		
Cash and cash equivalents	**1,008,529,663**	372.353.599
Investment at amortized cost	**--**	202,831,643
Trade receivables	**94,261,615**	139,141,278
	1,102,791,278	714,326,520

22. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Trade receivables are mostly well-known and reputable insurance companies with strong financial positions. They are carried net of expected credit loss provisions.

	2020	2019
Financial Assets		
- Secured	**1,008,529,663**	575.185.242
- Unsecured	**94,779,020**	139,141,278
	1,103,308,683	714,326,520

The ageing of unsecured overdue trade receivables out of which a significant portion is expected to be recovered and against which adequate provision has also been made, are as follows:

	31 December 2020	Allowance for credit loss	31 December 2019	Allowance for credit loss
0 – 90 days	95,171,868	392,848	114,872,932	--
91-180 days	11,213,118	11,213,118	33,951,500	25,245,795
181- 360 days	1,050,052	1,050,052	4,573,836	4,573,836
Above 360 days	685,092	685,092	2,338,846	2,338,846
Balance at end of the year	108,120,130	13,341,110	155.737.114	32,158,477

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 realize a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring the maturity profile of the Group's consolidated financial instruments to ensure that adequate liquidity is maintained or made available, as necessary to the Group.

The Group has no significant concentration of liquidity risk. For instance, concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowings or reliance on a particular market in which to realize liquid assets.

The following is contractual undiscounted maturity analysis of the financial liabilities of the Group as at 31 December. The Group does not hold financial assets for managing liquidity risk. Hence, these risks have not been considered for maturity analysis.

22. FINANCIAL INSTRUMENTS – FAIR VALUES AND FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

31 December 2020	**Carrying value**	**1 year or less**	**1 to 3 years**	**< 3 years**
Non-derivative financial liabilities				
Trade payables	**442,672,772**	**442,672,772**	**--**	**--**
Due to related party	**76,082,706**	**76,082,706**	**--**	**--**
Other liabilities	**377,233,556**	**362,852,558**	**14,380,998**	**--**
Lease liabilities	**1,205,083,574**	**376,130,633**	**--**	**828,952,941**
	2,101,072,608	**1,257,738,669**	**14,380,998**	**828,952,941**

31 December 2019	Carrying value	1 year or less	1 to 3 years	< 3 years
Non-derivative financial liabilities				
Trade payables	512,758,446	512,758,446	--	--
Due to related party	44,320,893	44,320,893	--	--
Other liabilities	334,184,277	334,184,277	--	--
Lease liabilities	1,213,417,180	233,227,439	--	984,696,896
	2,104,680,796	1,124,491,055	--	984,696,896

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for equity shareholders and benefits for other stakeholders. and to maintain a strong capital base to support the sustained development of its businesses.

The Group adjusted net debt to equity ratio was as follows:

	31 December 2020	31 December 2019
Total liabilities	**2,571,683,314**	2,402,069,855
Less: Cash at banks	**(1,008,529,663)**	(575,185,242)
Net liabilities	**1,563,153,651**	1,826,884,613
Total equity	**2,078,780,875**	1,784,402,513
Net liabilities to equity ratio	**0.75**	1.02

23. CONTINGENCIES AND COMMITMENTS

The Group had the following commitments:

	2020	2019
Capital expenditures	**122,131,103**	172,223,944

a) At 31 December 2020, the Company had an agreement with a consulting company to implement the decorations of pharmacies and implement the new stores of the Company.

24. BUSINESS SEGMENTS

The Group operates in the Kingdom of Saudi Arabia and the United Arab Emirates and is engaged in the sale of cosmetics, medical materials, as well as medical equipment through pharmacies and through pharmacies that are operated through agents. During the year ended 31 December 2020, the Company has transferred operating licenses for pharmacies and employees of Al-Nahdi Company based on the exit contract signed with the agents as at 31December 2020. It also operates specialized medical clinics through one of its subsidiaries providing employment services. The Group's operations in the United Arab Emirates are considered relatively insignificant, and accordingly, the Group does not present business sector information at the geographical level. Also, the Group's business of operating specialized medical clinics and providing of employment services is considered relatively insignificant and accordingly, the business sectors were presented as follows:

	Group pharmacies	**Agents**	**Total**
As at 31 December 2020			
Sales	**6,407,335,902**	**2,229,724,811**	**8,636,060,773**
Sales cost	**(3,786,177,874)**	**(1,578,927,777)**	**(5,365,105,651)**
Total profit	**2,621,158,028**	**650,797,034**	**3,271,955,062**

	Group pharmacies	Agents	Total
As at 31 December 2019			
Sales	2,740,759,012	5,083,552,507	7,824,311,519
Sales cost	(1,848,808,589)	(3,504,195,634)	(5,353,004,223)
Total profit	891,950,423	1,579,356,873	2,471,307,296

25. ACQUISITION OF SUBSIDIARY

On 1 October 2020, the Company acquired 100% of the shares and voting shares in Sakhaa Golden for Trading and Contracting Company Limited. The consolidated statement of financial position and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows have been consolidated as of that date.

25. ACQUISITION OF SUBSIDIARY (continued)

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	30 September 2020
Property and equipment	4	**146,354**
Intangible assets	7	**74,217**
Right-to-use asset	6	**1,643,736**
Trade receivables		**52,086,965**
Prepayments and other current assets		**21,112,531**
Cash and cash equivalents		**20,075,831**
Employee benefits	14	**(48,351,986)**
Lease liability - long-term	7	**(928,786)**
Provision for Zakat	22	**(2,928,441)**
Lease liabilities – short-term	7	**(1,079,471)**
Accrued expenses and other current liabilities		**(24,055,490)**
Total identifiable net assets acquired		**17,795,460**
Consideration transferred		**17,795,460**

The management assumed that the fair value of the assets/ liabilities acquired is not martially different from the carrying amounts as of the acquisition date.

26. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Group's Board of Directors on May 30, 2021, corresponding to Shawwal 18, 1442H.

AL NAHDI MEDICAL COMPANY
(A LIMITED LIABILITY COMPANY)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2021

AL NAHDI MEDICAL COMPANY
(A LIMITED LIABILITY COMPANY)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX-MONTHS PERIODS ENDED 30 JUNE 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE PARTNERS OF AL NAHDI MEDICAL COMPANY (A LIMITED LIABILITY COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Nahdi Medical Company (A Limited Liability Company) (the "Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2021, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, for the three-month and six-month periods ended 30 June 2021, and the related interim condensed consolidated statements of changes in partners' equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other matter

The interim condensed consolidated financial statements of the Group for three month and six month periods ended 30 June 2020 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 19 April 2021. Further, the consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 30 May 2021.

for Ernst & Young

Abdullah Ali AlMakrami
Certified Public Accountant
License No. 476

25 October 2021
19 Rabi I 1443H

Jeddah

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(Expressed in Saudi Riyals unless otherwise stated)

	Note	***30 June 2021 (Unaudited)***	*31 December 2020 (Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**865,332,308**	807,454,948
Right-of-use assets	5	**1,281,241,894**	1,186,841,563
Investment properties	6	**179,000,000**	179,000,000
Intangible assets		**47,673,969**	46,206,757
TOTAL NON-CURRENT ASSETS		**2,373,248,171**	2,219,503,268
CURRENT ASSETS			
Inventories	7	**1,146,130,852**	1,148,920,637
Trade receivables	8	**191,403,532**	98,499,175
Prepayments and other current assets		**182,557,255**	170,831,771
Short-term investments	10	**600,000,000**	-
Cash and cash equivalents	9	**323,763,672**	1,008,529,663
TOTAL CURRENT ASSETS		**2,443,855,311**	2,426,781,246
TOTAL ASSETS		**4,817,103,482**	4,646,284,514
PARTNERS' EQUITY AND LIABILITIES			
PARTNERS' EQUITY			
Capital	11(a)	**1,000,000,000**	1,000,000,000
Statutory reserve	11(b)	**109,911,582**	109,911,582
Retained earnings		**909,985,020**	969,030,474
Foreign currency translation reserve		**(186,717)**	(161,181)
TOTAL PARTNERS' EQUITY		**2,019,709,885**	2,078,780,875
NON-CURRENT LIABILITIES			
Lease liabilities	5	**929,293,505**	828,952,941
Employee benefits	12	**358,180,589**	329,487,592
Accruals and other non-current liabilities		**19,934,424**	14,380,998
TOTAL NON-CURRENT LIABILITIES		**1,307,408,518**	1,172,821,531
CURRENT LIABILITIES			
Trade and other payables		**603,663,010**	442,672,772
Accruals and other current liabilities		**391,568,463**	453,645,607
Due to related parties		**5,527,568**	24,179,176
Lease liabilities – current portion	5	**411,912,000**	376,130,633
Zakat payable	13	**77,314,038**	98,053,920
TOTAL CURRENT LIABILITIES		**1,489,985,079**	1,394,682,108
TOTAL LIABILITIES		**2,797,393,597**	2,567,503,639
TOTAL PARTNERS' EQUITY AND LIABILITIES		**4,817,103,482**	4,646,284,514

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and six-month periods ended 30 June 2021
(Expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended 30 June		***Six-month period ended 30 June***	
	Note	***2021***	*2020*	***2021***	*2020*
Revenue		**2,070,135,678**	2,423,572,254	**4,051,246,828**	4,520,515,735
Cost of revenue		**(1,210,168,114)**	(1,476,595,636)	**(2,411,568,275)**	(2,814,345,762)
GROSS PROFIT		**859,967,564**	946,976,618	**1,639,678,553**	1,706,169,973
Other income, net		**4,499,549**	6,411,333	**6,313,138**	11,028,924
Selling and distribution expenses		**(516,438,928)**	(540,501,790)	**(1,011,386,946)**	(897,593,756)
General and administrative expenses		**(88,391,300)**	(105,145,518)	**(148,803,688)**	(179,589,651)
OPERATING PROFIT FOR THE PERIOD		**259,636,885**	307,740,643	**485,801,057**	640,015,490
Finance costs		**(19,249,325)**	(12,839,696)	**(38,487,665)**	(28,302,782)
PROFIT FOR THE PERIOD BEFORE ZAKAT		**240,387,560**	294,900,947	**447,313,392**	611,712,708
Zakat charge	13	**(13,559,853)**	(24,258,135)	**(25,467,603)**	(22,500,000)
NET PROFIT FOR THE PERIOD		**226,827,707**	270,642,812	**421,845,789**	589,212,708
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss in subsequent periods					
Re-measurement loss on defined benefit plans	12	**(20,891,243)**	(7,500,000)	**(20,891,243)**	(7,500,000)
Items that may be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations		**(25,536)**	-	**(25,536)**	(157,214)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**205,910,928**	263,142,812	**400,929,010**	581,555,494
EARNINGS PER SHARE					
Basic and diluted, earnings per share attributable to ordinary equity holders of the Parent Company (Saudi Riyals)	14	**226.83**	270.64	**421.85**	589.21

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY
For the six-month period ended 30 June 2021
(Expressed in Saudi Riyals unless otherwise stated)

	Capital	*Statutory reserve*	*Retained earnings*	*Foreign currency translation reserve*	*Total*
Balance as at 1 January 2020 (audited)	50,000,000	25,000,000	1,709,402,513	-	1,784,402,513
Profit for the period	-	-	589,212,708	-	589,212,708
Other comprehensive income for the period	-	-	(7,500,000)	(157,214)	(7,657,214)
Total comprehensive income for the period	-	-	581,712,708	(157,214)	581,555,494
Dividends (note 11c)	-	-	(335,000,000)	-	(335,000,000)
Balance as at 30 June 2020 (unaudited)	50,000,000	25,000,000	1,956,115,221	(157,214)	2,030,958,007
Balance as at 1 January 2021 (audited)	1,000,000,000	109,911,582	969,030,474	(161,181)	2,078,780,875
Profit for the period	-	-	421,845,789	-	421,845,789
Other comprehensive income for the period	-	-	(20,891,243)	(25,536)	(20,916,779)
Total comprehensive income for the period	-	-	400,954,546	(25,536)	400,929,010
Dividends (note 11c)	-	-	(460,000,000)	-	(460,000,000)
Balance as at 30 June 2021 (unaudited)	**1,000,000,000**	**109,911,582**	**909,985,020**	**(186,717)**	**2,019,709,885**

The attached notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2021
(Expressed in Saudi Riyals unless otherwise stated)

		Six-month period ended 30 June	
OPERATING ACTIVITIES		***2021***	*2020*
Profit for the period before zakat		**447,313,392**	611,712,708
Adjustment to reconcile profit for the period before zakat to net cash flows from operating activities:			
Depreciation of property and equipment	4	**77,880,793**	65,737,316
Depreciation of right-of-use assets	5	**192,226,664**	181,864,957
Amortisation of intangible assets		**12,492,536**	10,859,062
Gain on disposal of property and equipment		**(39,163)**	(24,535)
(Reversal)/provision for slow moving and obsolete inventories	7	**(24,158,757)**	11,073,454
Impairment loss of property and equipment	4	**-**	4,179,675
Provision for employee benefits	12	**24,623,738**	15,514,026
Foreign currency translation reserve		**(25,536)**	(157,214)
Finance costs		**38,487,665**	28,302,782
		768,801,332	929,062,231
Working capital adjustments:			
Inventories		**26,948,542**	(364,712,078)
Trade receivables		**(92,904,357)**	(47,643,703)
Prepayments and other current assets		**(11,725,484)**	(218,588,439)
Trade and other payables		**160,990,238**	277,467,887
Accruals and other current liabilities		**(75,175,326)**	12,209,146
Cash from operations		**776,934,945**	587,795,044
Finance costs paid		**(38,487,665)**	(4,432,521)
Zakat paid	13	**(46,207,485)**	(30,959,498)
Employee benefits paid	12	**(16,821,984)**	(12,342,629)
Net cash flows from operating activities		**675,417,811**	540,060,396
INVESTING ACTIVITIES			
Net movement in short term investments		**-**	(99,518,357)
Purchase of property and equipment	4	**(135,798,055)**	(162,139,781)
Proceeds from disposal of property and equipment		**79,065**	1,637,464
Purchase of intangible assets		**(13,959,748)**	(13,761,314)
Short-term investments		**(600,000,000)**	-
Net cash flows used in investing activities		**(749,678,738)**	(273,781,988)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	5	**(150,505,064)**	(160,814,094)
Dividends paid	11(c)	**(460,000,000)**	(335,000,000)
Net cash flows used in financing activities		**(610,505,064)**	(495,814,094)
INCREASE IN CASH AND CASH EQUIVALENTS		**(684,765,991)**	(229,535,686)
Cash and cash equivalents at the beginning of the period		**1,008,529,663**	372,353,599
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	**323,763,672**	142,817,913
SUPPLEMENTARY NON-CASH INFORMATION			
Addition to right-of-use assets and lease liabilities	5	**286,626,995**	177,204,036

1 CORPORATE INFORMATION

Al Nahdi Medical Company (the "Parent Company" or the "Company") is a Limited Liability Company formed under Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 4030053868 dated 1 October 2003 (corresponding to 5 Sha'ban 1424H). The Company is operating in accordance with the Ministry of Health License No. 26-101-31-67-3 dated 28 December 2003 (corresponding to 22 Dhul-Hijjah 1424H).

The principal activity of the Company is the wholesale and retail trading of cosmetics, pharmaceutical products, special and healthy foods and medical equipment. In addition, the Group also manages and operates external parties' pharmacies through its other branches and through other agents.

The Group operates in the Kingdom of Saudi Arabia ("KSA") and the United Arab Emirates ("UAE") and its Head Office is located at the following address:

Al Nahdi Medical Company,
P. Box 17129,
Jeddah 21484,
Kingdom of Saudi Arabia

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA"). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed consolidated financial statements do not include all the information and disclosures required in full set of annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020. In addition, results for the interim period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021 (see also note 2.5).

2.2 Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost convention and going concern concept. For employee benefits, actuarial present value calculations are used.

2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals ("SR") which is also the functional currency of the Group.

(Expressed in Saudi Riyals unless otherwise stated)

2 BASIS OF PREPARATION (continued)

2.4 Basis of consolidation

These interim condensed consolidated financial statements include the financial information of the Parent Company and the following direct subsidiaries and indirect subsidiaries (collectively referred to "the Group"), in which the Group exercises control as at 30 June 2021.

Subsidiary name	*Country of incorporation*	*Principal business activity*	*Effective ownership interest*	
			30 June 2021	*31 December 2020*
Al Nahdi Care	KSA	Clinics	100%	100%
Sakhaa Golden Company*	KSA	Labor Services	100%	100%
Nahdi Investment Company**	UAE	Holding Company	100%	100%

*On 1 October 2020, the Company acquired 100% of the shares in Sakhaa Golden for Trading and Contracting Company Limited.

**As at 30 June 2021, Nahdi Investment Company also has investments in the following subsidiaries:

Subsidiary name	*Country of incorporation*	*Principal business activity*	*Effective ownership interest*	
			30 June 2021	*31 December 2020*
Nahdi Drug Store	UAE	Drug store	99%	99%
Al Nahdi Pharmacy	UAE	Pharmacy	99%	99%

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Group, using consistent accounting policies of the Group.

Subsidiary
Subsidiaries are entities controlled by the Group. 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 these entities. The subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)
NCI are measured at their proportionate share of the identifiable net assets at the date of acquisition. Change in the Group's interest in a subsidiary that do not result in a loss of control is accounted for as equity transactions.

The Group does not add its indirect share in the subsidiaries that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are taken into account.

Loss of control
When the Group loses control of subsidiaries, the assets, liabilities, non-controlling interests and other components of equity are derecognized and any gains or losses are recognized in the statement of profit or loss and any shares held are recognized at fair value when control is lost.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2 BASIS OF PREPARATION (continued)

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the consolidated financial statements for the year ended 31 December 2020. However, in the view of the current uncertainty due to COVID-19, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is still evolving with future uncertainties, management will continue to assess the impact based on prospective developments (see also note 19).

3 ACCOUNTING POLICIES, NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of amendments in standards effective as of 1 January 2021 as mentioned below and the accounting policy for earnings per share. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 Amendments and interpretations effective as of 1 January 2021

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: ***Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16***

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3.2 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(Expressed in Saudi Riyals unless otherwise stated)

4 PROPERTY AND EQUIPMENT

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Cost:		
At the beginning of the period/year	**1,534,384,507**	1,276,187,957
Additions during the period/year	**128,190,076**	295,848,433
Addition due to acquisition of subsidiaries	-	146,354
Transfer from inventory	**7,607,979**	32,044,905
Impairment for the period/year	-	(12,778,825)
Disposals during the period/year	**(1,873,542)**	(29,119,705)
Write-offs during the period/year	-	(27,944,612)
At the end of the period/year	**1,668,309,020**	1,534,384,507
Depreciation:		
At the beginning of the period/year	**726,929,559**	630,668,159
Charge for the period/year	**77,880,793**	140,630,127
Relating to disposals	**(1,833,640)**	(24,111,841)
Relating to write-offs	-	(20,256,886)
At the end of the period/year	**802,976,712**	726,929,559
Net book amounts:		
At the end of the period/year	**865,332,308**	807,454,948

The fair value of the Group's piece of land as at 31 December 2020 was valued at SR 103.4 million (31 December 2019: SR 111.9 million) by independent professionally qualified valuers named Abdullah Al Kathiri Real Estate Evaluation Office using the market comparable approach and have recent experience in the location and segment of the piece of land valued. A valuation model in accordance with that recommended by the Saudi Authority for Accredited Valuers has been applied.

Based on the difference between the carrying value and the fair value of the land as at 31 December 2020, an impairment loss of SR 8.6 million was recorded in the Group's annual consolidated financial statements for the year ended 31 December 2020. Even though the valuation was carried out at the year end, there is no material change in circumstances between the year end and the reporting date that would require adjustment or revaluation at the reporting date. Management is in continuous valuation of the methods and assumptions used in valuating the Group's land.

(Expressed in Saudi Riyals unless otherwise stated)

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period/year:

	30 June 2021		*31 December 2020*	
	Right-of-use assets (unaudited)	***Lease liabilities (unaudited)***	*Right-of-use assets (Audited)*	*Lease liabilities (Audited)*
At the beginning of the period/year	**1,186,841,563**	**1,205,083,574**	1,306,061,068	1,217,799,365
Addition during the period/year	**286,626,995**	**286,626,995**	284,078,830	284,078,828
Addition on acquisition of subsidiary	**-**	**-**	1,643,737	2,008,257
Disposals during the period/year	**-**	**-**	(55,928,446)	(34,469,589)
Depreciation during the period/year	**(192,226,664)**	**-**	(349,013,626)	-
Interest expense	**-**	**22,114,260**	-	47,192,649
Payments during the period/year	**-**	**(172,619,324)**	-	(311,525,936)
At the end of the period/year	**1,281,241,894**	**1,341,205,505**	1,186,841,563	1,205,083,574

The following are the lease liabilities as classified in the interim condensed consolidated statement of financial position:

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Non-current portion	**929,293,505**	828,952,941
Current portion	**411,912,000**	376,130,633
	1,341,205,505	1,205,083,574

6 INVESTMENT PROPERTIES

The Group's investment properties consists of a piece of land in Jeddah, KSA amounting to SR 179 million (31 December 2020: SR 179 million). The fair value of the Group's investment properties as at 31 December 2020 was valued at SR 179 million (31 December 2019: SR 193 million) by independent professionally qualified valuers named Abdullah Al Kathiri Real Estate Evaluation Office using the market comparable approach and have recent experience in the location and segment of the investment property valued. A valuation model in accordance with that recommended by the Saudi Authority for Accredited Valuers has been applied.

Based on the difference between the carrying value and the fair value of the investment properties as at 31 December 2020, an impairment loss of SR 14 million was recorded in the Group's annual consolidated financial statements for the year ended 31 December 2020. Even though the valuation was carried out at the year end, there are no material change in circumstances between the year end and the reporting date that would require adjustment or revaluation at the reporting date. Management is in the process of consistent valuation of the methods and assumptions used in valuating the Group's investment properties.

7 INVENTORIES

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Inventories	**1,317,143,093**	1,344,091,635
Less: Provision for slow moving and obsolete inventories	**(171,012,241)**	(195,170,998)
	1,146,130,852	1,148,920,637

(Expressed in Saudi Riyals unless otherwise stated)

7 INVENTORIES (continued)

Movement in the provision for slow moving and obsolete inventories was as follows:

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
At the beginning of the period/year	**195,170,998**	90,978,892
Charge for the period/year	**12,000,000**	142,329,000
Written off during the period/year	**(5,158,757)**	(38,136,894)
Reversal during the period/year	**(31,000,000)**	-
At the end of the period/year	**171,012,241**	195,170,998

8 TRADE RECEIVABLES

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Trade receivables	**200,849,646**	108,120,130
Less: Allowance for expected credit losses (see note below)	**(9,446,114)**	(9,620,955)
	191,403,532	98,499,175

Movement in the allowance for expected credit losses of receivables is as follows:

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
At the beginning of the period/year	**9,620,955**	32,158,477
Charge for the period/year	**-**	-
Transfer to other receivable	**(174,841)**	(3,720,155)
Reversal during the period/year	**-**	(18,000,000)
Written off during the period/year	**-**	(817,367)
	9,446,114	9,620,955

9 CASH AND CASH EQUIVALENTS

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Cash in hand	**56,777,924**	61,178,581
Cash at banks	**266,985,748**	947,351,082
	323,763,672	1,008,529,663

(Expressed in Saudi Riyals unless otherwise stated)

10 SHORT TERM INVESTMENTS

Short-term investments as at 30 June 2021 represent investments in murabaha deposits having original maturities of greater than three months but less than twelve months. Murabaha deposits with original maturities of three months or less (if any) are presented within cash and cash equivalents. Murabaha deposits are placed with local commercial banks and are denominated in SR. Murabaha deposits yield financial income at prevailing market rates.

11 PARTNERS' EQUITY

(a) Capital
The Company's capital is divided into 1,000,000 shares (31 December 2020: 1,000,000 shares) with a nominal value of SR 1,000 each (31 December 2020: SR 1,000 each) and held by the following partners:

Name of the partners	***No. of shares***	***30 June 2021 (Unaudited)***	*31 December 2020 (Audited)*
Saudi Economic and Development Holding Company (SEDCO)	**500,000**	**500,000,000**	500,000,000
Al Nahdi Holding Co.	**500,000**	**500,000,000**	500,000,000
Total	**1,000,000**	**1,000,000,000**	1,000,000,000

(b) Statutory reserve
In accordance with the Companies law and Company's Article of Association, the Company must set aside 10% of its annual net income as the statutory reserve until it reaches 30% of the capital. The reserve is not available for distribution.

(c) Dividends
The partners in their meeting held on 27 April 2021 resolved to distribute dividends of SR 460 million (31 December 2020: SR 535 million) which were paid to the partners during the period/year.

12 EMPLOYEE BENEFITS

The Group operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The following table represents the movement of the defined benefits obligation:

	Six-month period ended 30 June 2021	*Year ended 31 December 2020*
Defined benefits obligation at beginning of the period/year	**329,487,592**	168,829,324
Current service cost	**21,010,928**	44,039,885
Interest cost on defined benefits obligation	**3,612,810**	13,339,923
Actuarial (gain)/loss on the obligation	**20,891,243**	19,576,276
Transferred in from agents	-	70,150,460
Addition on acquisition of subsidiary	-	48,351,986
Payments during the period/year	**(16,821,984)**	(34,800,262)
Defined benefits obligation at the end of the period/year	**358,180,589**	329,487,592

(Expressed in Saudi Riyals unless otherwise stated)

12 EMPLOYEE BENEFITS (continued)

12.1 Actuarial assumptions

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Discount rate	**2.75%**	2.25%
Future salary growth/expected rate of salary increase	**3.00%**	4.00%
Mortality rate	**0.25%**	0.25%
Retirement age	**60 years**	60 years

13 ZAKAT

The movement in the zakat provision during the period/year is as follows:

	Six-month period ended 30 June 2021 (Unaudited)	*Year ended 31 December 2020 (Audited)*
At the beginning of the period/year	**98,053,920**	78,440,176
Acquisition of subsidiary	**-**	2,928,441
Transfer from agents	**-**	2,298,555
Provision for the current period/year	**25,467,603**	45,330,000
Payment during the period/year	**(46,207,485)**	(30,943,252)
At the end of the period/year	**77,314,038**	98,053,920

Status of assessments

Al Nahdi Medical Company

For the year ended 31 December 2015
Zakat assessment was received for the year above amounting to SR 6,017,417 and the Company has submitted an objection to Zakat, Tax and Customs Authority ("ZATCA") during the statutory period which is currently under review by the ZATCA.

For the years ended 31 December 2016 to 2019
The Company received zakat assessments for these years amounting to SR 8,536,005 and the Company is in the process of submitting an objection to ZATCA within the statutory period.

For the year ended 31 December 2020
The Company submitted zakat return for the year and no zakat assessment was received. The Company received a valid zakat certificate until 30 April 2022.

For the period ended 30 June 2021
The zakat status remains as mentioned above and has not changed in the six-month period ended 30 June 2021.

Subsidiaries
The subsidiaries file their zakat returns separately. There are no significant disputes with ZATCA that are pending as at date of interim condensed consolidated statement of financial position.

(Expressed in Saudi Riyals unless otherwise stated)

14 EARNINGS PER SHARE

The earnings per share calculation is given below:

	Three-month period ended 30 June		***Six-month period ended 30 June***	
	2021 (Unaudited)	*2020 (Unaudited)*	***2021 (Unaudited)***	*2020 (Unaudited)*
Net profit for the period	**226,827,707**	270,642,812	**421,845,789**	589,212,708
Weighted average number of ordinary shares	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Earnings per share – Basic and diluted	**226.83**	270.64	**421.85**	589.21

There has been no item of dilution affecting the weighted average number of ordinary shares.

15 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

(Expressed in Saudi Riyals unless otherwise stated)

15 FAIR VALUE MEASUREMENT (continued)

The management assessed that the fair value of cash and cash equivalents, short-term investments, trade and other receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of lands under property and equipment and investment properties are determined using a significant non-observable input and is classified as a level 3 measurement. The Group has assessed that the highest and best use does not differ from their current use. The Group has used comparative market approach as key input for valuation of lands under property and equipment and investment properties.

16 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the partners, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Following is the list of related party transactions and balances of the Group:

Related party	*Nature of transaction*	*Transactions*	
		For the six-month period ended	
		30 June 2021 (Unaudited)	*30 June 2020 (Unaudited)*
Other related party	Services provided	-	110,374,888
Other related party	Services provided	**856,148**	-

The following is the detail of related party balances payable at the period/year end:

	30 June 2021 (Unaudited)	*31 December 2020 (Audited)*
Amount due to related parties		
Khota Al Khair for Commercial Services Company Limited	**5,527,568**	6,383,716
Al Nahdi Holding Co.	-	8,897,730
Tawjeeh Company for Services and Commercial Investments Company	-	8,897,730
	5,527,568	24,179,176

Key management compensation
Compensation for key management is as follows:

	Three-month period ended 30 June		***Six-month period ended 30 June***	
	2021 (Unaudited)	*2020 (Unaudited)*	***2021 (Unaudited)***	*2020 (Unaudited)*
Salaries and other benefits	**8,338,176**	**19,185,002**	**16,676,352**	26,185,004
Post-employment benefits	**3,078,645**	**8,311,091**	**6,157,290**	11,622,182
	11,416,821	**27,496,093**	**22,833,642**	37,807,186

The amounts disclosed in the above table are the amounts recognised as an expense during the period related to key management personnel.

(Expressed in Saudi Riyals unless otherwise stated)

17 SEGMENT INFORMATION

The Group operates in the KSA and the UAE and is engaged in the sale of cosmetics, medical materials, as well as medical equipment through pharmacies and through pharmacies that are operated through agents. During the year ended 31 December 2020, the Group has transferred operating licenses for pharmacies and employees of Al-Nahdi Company based on the exit contract signed with the agents as at 25 December 2019. Hence, the entire operations of the agents were transferred to the Group. It also operates specialized medical clinics through one of its subsidiaries providing employment services. The Group's operations in the UAE are considered relatively insignificant, and accordingly, the Group does not present business sector information at the geographical level. Also, the Group's business of operating specialized medical clinics and providing of employment services is considered relatively insignificant.

The Group has two operating segments, Front Shop and Pharma. The Group’s segments maintain separate financial information, and the Group’s chief operating decision maker (the “CODM”) evaluates the segments’ revenue on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance. The CODM evaluates the performance of the Group’s segments based on revenue. The Group uses revenue as its principal measure of segment performance as it enhances the Group’s ability to compare past financial performance with current performance and analyze underlying business performance and trends. The following table presents revenue information for the Group’s operating segments for the six-month period ended 30 June 2021 and 30 June 2020, respectively:

	Revenue
Interim Condensed Consolidated Statement of Profit or Loss Six-month period ended 30 June 2021 (Unaudited)	
Front Shop	**2,201,244,171**
Pharma	**1,837,679,428**
Others	**12,323,229**
Total	**4,051,246,828**
Interim Condensed Consolidated Statement of Profit or Loss Six-month period ended 30 June 2020 (Unaudited)	
Front Shop	2,586,988,040
Pharma	1,932,270,692
Others	1,257,003
Total	4,520,515,735

(Expressed in Saudi Riyals unless otherwise stated)

18 COMMITMENTS AND CONTINGENCIES

As at 30 June 2021, the Group has commitments of SR 73.4 million (31 December 2020: SR 122.1 million) relating to capital expenditures, which also includes an agreement with a consulting company to implement the decorations of pharmacies and implement the new stores of the Group.

19 IMPACT OF COVID-19

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organization qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Group to re-assess its judgments and the key sources of estimation applied to the annual consolidated financial statements for the year ended 31 December 2020.

During the period ended 30 June 2021, management has assessed the overall impact on the Group's operations and business aspects, and considered factors like demand from customers, seamless products delivery processes, collections protocols, uninterrupted material supply, working capital projections, etc. Based on this assessment, no significant adjustments were required in the interim condensed consolidated financial statements for the period ended 30 June 2021. The situation surrounding COVID-19 and its impact on global economic conditions may continue to impact the Group's business, results of operations and financial condition in 2021. The situation remains uncertain and therefore it is difficult to predict with certainty the length of time that COVID-19 will impact Group's business and overall potential impact of COVID-19 on Group's business, operations and financial condition.

20 COMPARATIVE FIGURES

Certain account balances of prior year were reclassified to improve the consistency of information presented.

Reclassification in the statement of financial position for the year ended 31 December 2020 is summarised below:

	As previously reported	*Reclassification*	***As currently reported***
Prepayments and other non-current assets	4,634,857	(4,634,857)	**-**
Intangible assets	41,571,900	4,634,857	**46,206,757**
Prepayments and other current assets	174,551,926	(3,720,155)	**170,831,771**
Trade Receivables	94,779,020	3,720,155	**98,499,175**
Inventories	1,180,965,542	(32,044,905)	**1,148,920,637**
Property and equipment	779,589,718	27,865,230	**807,454,948**
Accruals and other current liabilities	457,825,282	4,179,675	**453,645,607**

21 EVENTS AFTER THE REPORTING PERIOD

The Partners of Al Nahdi Medical Company (the "Parent Company") passed the following resolutions:

- On 12 September 2021 (corresponding to 5 Safar 1443H), a resolution was passed to increase the Company's capital from SR 1,000,000,000 to SR 1,300,000,000 by transfer of SR 300,000,000 from retained earnings. The legal formalities were completed on 11 October 2021 (corresponding to 5 Rabi' I 1443H).

- On 12 September 2021 (corresponding to 5 Safar 1443H), a resolution was passed to distribute dividends amounting to SR 600,000,000.

- On 16 September 2021 (corresponding to 9 Safar 1443H), a resolution was passed to convert the Company from 'Limited Liability Company' to 'Closed Joint Stock Company'. The legal formalities in this regard were completed on 11 October 2021 (corresponding to 5 Rabi' I 1443H), and the legal form became Closed Joint Stock Company.

22 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised to issue by the Board of Directors on 25 October 2021G (corresponding to 19 Rabi I 1443H).

AL NAHDI MEDICAL COMPANY
(A LIMITED LIABILITY COMPANY)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

AL NAHDI MEDICAL COMPANY
(A LIMITED LIABILITY COMPANY)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021

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EY
Building a better working world

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INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE PARTNERS OF AL NAHDI MEDICAL COMPANY (A LIMITED LIABILITY COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Nahdi Medical Company (A Limited Liability Company) (the "Company") and its subsidiaries (collectively referred to as "the Group") as at 30 September 2021, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2021, and the related interim condensed consolidated statements of changes in partners' equity and cash flows for the nine-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") 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 International Standard on Review Engagements 2410, "Review of Interim Financial information Performed by the Independent Auditor of the Entity" endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other matter

The interim condensed consolidated financial statements of the Group for three-month and nine-month periods ended 30 September 2020 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 30 May 2021. Further, the consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 30 May 2021.

for Ernst & Young

Abdullah Ali AlMakrami
Certified Public Accountant
License No. 476

15 December 2021
11 Jumada' I 1443H

Jeddah

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

(Expressed in Saudi Riyals unless otherwise stated)

	Note	*30 September 2021 (Unaudited)*	*31 December 2020 (Audited)*
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**895,265,245**	807,454,948
Right-of-use assets	5	**1,233,121,534**	1,186,841,563
Investment properties	6	**179,000,000**	179,000,000
Intangible assets		**44,345,899**	46,206,757
TOTAL NON-CURRENT ASSETS		**2,351,732,678**	2,219,503,268
CURRENT ASSETS			
Inventories	7	**1,176,229,503**	1,148,920,637
Trade receivables	8	**182,607,283**	98,499,175
Prepayments and other current assets		**211,820,127**	170,831,771
Cash and cash equivalents	9	**447,342,577**	1,008,529,663
TOTAL CURRENT ASSETS		**2,017,999,490**	2,426,781,246
TOTAL ASSETS		**4,369,732,168**	4,646,284,514
PARTNERS' EQUITY AND LIABILITIES			
PARTNERS' EQUITY			
Capital	10(a)	**1,000,000,000**	1,000,000,000
Proposed increase in capital	10(a)	**300,000,000**	-
Statutory reserve	10(b)	**109,911,582**	109,911,582
Retained earnings		**53,887,376**	969,030,474
Foreign currency translation reserve		**(183,575)**	(161,181)
TOTAL PARTNERS' EQUITY		**1,463,615,383**	2,078,780,875
NON-CURRENT LIABILITIES			
Lease liabilities	5	**1,015,475,051**	828,952,941
Employee benefits	11	**372,277,485**	329,487,592
Accruals and other non-current liabilities		**22,243,407**	14,380,998
TOTAL NON-CURRENT LIABILITIES		**1,409,995,943**	1,172,821,531
CURRENT LIABILITIES			
Trade and other payables		**494,361,935**	442,672,772
Accruals and other current liabilities		**644,183,498**	453,645,607
Due to related parties		**-**	24,179,176
Lease liabilities – current portion	5	**266,774,680**	376,130,633
Zakat payable	12	**90,800,729**	98,053,920
TOTAL CURRENT LIABILITIES		**1,496,120,842**	1,394,682,108
TOTAL LIABILITIES		**2,906,116,785**	2,567,503,639
TOTAL PARTNERS' EQUITY AND LIABILITIES		**4,369,732,168**	4,646,284,514

The attached notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

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

For the three-month and nine-month periods ended 30 September 2021
(Expressed in Saudi Riyals unless otherwise stated)

		Three-month period ended 30 September		*Nine-month period ended 30 September*	
	Note	***2021***	*2020*	***2021***	*2020*
Revenue		**2,041,738,829**	2,135,550,007	**6,092,985,657**	6,656,065,742
Cost of revenue		**(1,183,942,705)**	(1,357,321,682)	**(3,595,510,980)**	(4,171,667,444)
GROSS PROFIT		**857,796,124**	778,228,325	**2,497,474,677**	2,484,398,298
Other income, net		**8,310,940**	2,813,578	**14,624,078**	13,842,502
Selling and distribution expenses		**(525,300,913)**	(583,907,124)	**(1,536,687,859)**	(1,481,500,880)
General and administrative expenses		**(63,540,318)**	(81,870,028)	**(212,344,006)**	(261,459,679)
OPERATING PROFIT FOR THE PERIOD		**277,265,833**	115,264,751	**763,066,890**	755,280,241
Finance costs		**(18,052,119)**	(10,917,991)	**(56,539,784)**	(39,220,773)
PROFIT FOR THE PERIOD BEFORE ZAKAT		**259,213,714**	104,346,760	**706,527,106**	716,059,468
Zakat charge	12	**(11,762,750)**	(11,250,000)	**(37,230,353)**	(33,750,000)
NET PROFIT FOR THE PERIOD		**247,450,964**	93,096,760	**669,296,753**	682,309,468
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to profit or loss in subsequent periods					
Re-measurement loss on defined benefits obligation	11	**(3,548,608)**	(1,250,000)	**(24,439,851)**	(8,750,000)
Items that may be reclassified to profit or loss in subsequent periods					
Exchange differences on translation of foreign operations		**3,142**	-	**(22,394)**	(157,215)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**243,905,498**	91,846,760	**644,834,508**	673,402,253
EARNINGS PER SHARE					
Basic and diluted, earnings per share attributable to ordinary equity holders of the Parent Company	13	**247.45**	93.10	**669.30**	682.31

The attached notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY

For the nine-month period ended 30 September 2021
(Expressed in Saudi Riyals unless otherwise stated)

	Capital	*Proposed increase in capital*	*Statutory reserve*	*Retained earnings*	*Foreign currency translation reserve*	*Total*
Balance as at 1 January 2020 (audited)	50,000,000	-	25,000,000	1,709,402,513	-	1,784,402,513
Net profit for the period	-	-	-	682,309,468	-	682,309,468
Other comprehensive income for the period	-	-	-	(8,750,000)	(157,215)	(8,907,215)
Total comprehensive income for the period	-	-	-	673,559,468	(157,215)	673,402,253
Dividends (note 11c)	-	-	-	(335,000,000)	-	(335,000,000)
Transfer to increase in capital	950,000,000	-	-	(950,000,000)	-	-
Balance as at 30 September 2020 (unaudited)	1,000,000,000	-	25,000,000	1,097,961,981	(157,215)	2,122,804,766
Balance as at 1 January 2021 (audited)	1,000,000,000	-	109,911,582	969,030,474	(161,181)	2,078,780,875
Net profit for the period	-	-	-	669,296,753	-	669,296,753
Other comprehensive income for the period	-	-	-	(24,439,851)	(22,394)	(24,462,245)
Total comprehensive income for the period	-	-	-	644,856,902	(22,394)	644,834,508
Dividends (note 10c)	-	-	-	(1,260,000,000)	-	(1,260,000,000)
Transfer to proposed increase in capital (note 10a)	-	300,000,000	-	(300,000,000)	-	-
Balance as at 30 September 2021 (unaudited)	**1,000,000,000**	**300,000,000**	**109,911,582**	**53,887,376**	**(183,575)**	**1,463,615,383**

The attached notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2021
(Expressed in Saudi Riyals unless otherwise stated)

		Nine-month period ended 30 September	
OPERATING ACTIVITIES	*Note*	***2021***	*2020*
Profit for the period before zakat		**706,527,106**	716,059,468
Adjustment to reconcile profit for the period before zakat to net cash flows from operating activities:			
Depreciation of property and equipment	4	**121,591,432**	100,574,257
Depreciation of right-of-use assets	5	**286,260,677**	276,041,711
Amortisation of intangible assets		**19,412,841**	16,406,764
Loss on disposal of Intangible assets		**-**	1,649,385
Gain on disposal of property and equipment		**(276,138)**	-
(Reversal)/provision for slow moving and obsolete inventories, net	7	**(30,904,022)**	110,000,000
Gain on termination of right-of-use assets		**(315,121)**	-
Provision for employee benefits	11	**44,983,772**	24,053,094
Impairment loss on trade receivables	8	**4,100,000**	-
Finance costs		**56,539,784**	39,220,773
Foreign currency translation reserve		**(22,394)**	-
		1,207,897,937	1,284,005,452
Working capital adjustments:			
Inventories		**3,595,156**	(291,490,340)
Trade receivables		**(88,208,108)**	(49,904,758)
Prepayments and other current assets		**(40,988,356)**	(194,427,490)
Trade and other payables		**51,689,163**	37,517,146
Accruals and other current liabilities		**(25,778,876)**	207,658,422
Cash from operations		**1,108,206,916**	993,358,432
Finance costs paid		**(56,539,784)**	(3,336,969)
Zakat paid	12	**(44,483,544)**	(30,959,498)
Employee benefits paid	11	**(26,633,730)**	(13,155,925)
Net cash flows from operating activities		**980,549,858**	945,906,040
INVESTING ACTIVITIES			
Purchase of property and equipment	4	**(211,750,016)**	(240,410,274)
Proceeds from disposal of property and equipment		**2,624,425**	-
Purchase of intangible assets		**(17,551,983)**	(17,058,620)
Net movement in short-term investments		**-**	202,831,643
Net cash flows used in investing activities		**(226,677,574)**	(54,637,251)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	5	**(255,059,370)**	(226,379,698)
Dividends paid	10(c)	**(1,060,000,000)**	(335,000,000)
Net cash flows used in financing activities		**(1,315,059,370)**	(561,379,698)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(561,187,086)**	329,889,091
Cash and cash equivalents at the beginning of the period		**1,008,529,663**	372,353,599
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	**447,342,577**	702,242,690
SUPPLEMENTARY NON-CASH INFORMATION			
Dividend payable	10(c)	**200,000,000**	-
Addition to right-of-use assets and lease liabilities	5	**343,947,062**	218,363,609
Transfer of retained earnings to proposed increase in capital	10(a)	**300,000,000**	-
Transfer from inventory to property and equipment	4	**-**	32,044,905

1 CORPORATE INFORMATION

Al Nahdi Medical Company (the "Parent Company" or the "Company") is a Limited Liability Company formed under Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 4030053868 dated 1 October 2003 (corresponding to 5 Sha'ban 1424H). During the period, the Company commenced the process for Initial Public Offering ("IPO"). Further, on 16 September 2021 (corresponding to 9 Safar 1443H), a resolution was passed to convert the Company from 'A Limited Liability Company' to 'A Saudi Closed Joint Stock Company'. The legal formalities in this regard were completed on 11 October 2021 (corresponding to 5 Rabi' I 1443H), and the legal form became "A Saudi Closed Joint Stock Company". The Company is operating in accordance with the Ministry of Health License No. 26-101-31-67-3 dated 28 December 2003 (corresponding to 22 Dhul-Hijjah 1424H).

The principal activity of the Company is the wholesale and retail trading of cosmetics, pharmaceutical products, special and healthy foods and medical equipment. In addition, the Group also managed and operated external parties' pharmacies through its other branches and through other agents.

The Group operates in the Kingdom of Saudi Arabia ("KSA") and the United Arab Emirates ("UAE") and its Head Office is located at the following address:

Al Nahdi Medical Company,
P. Box 17129,
Jeddah 21484,
Kingdom of Saudi Arabia

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the nine-month period ended 30 September 2021 have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA"). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed consolidated financial statements do not include all the information and disclosures required in full set of annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020. In addition, results for the interim period ended 30 September 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021 (see also note 2.5).

2.2 Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost convention and going concern concept. For employee benefits, actuarial present value calculations are used.

2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals ("SR") which is also the functional currency of the Group.

(Expressed in Saudi Riyals unless otherwise stated)

2 BASIS OF PREPARATION (continued)

2.4 Basis of consolidation

These interim condensed consolidated financial statements include the financial information of the Parent Company and the following direct subsidiaries and indirect subsidiaries (collectively referred to "the Group"), in which the Group exercises control as at 30 September 2021.

Subsidiary name	*Country of incorporation*	*Principal business activity*	*Effective ownership interest*	
			30 September 2021	*31 December 2020*
Al Nahdi Care	KSA	Clinics	100%	100%
Sakhaa Golden Company*	KSA	Labor Services	100%	100%
Nahdi Investment Company**	UAE	Holding Company	100%	100%

*On 1 October 2020, the Company acquired 100% of the shares in Sakhaa Golden for Trading and Contracting Company Limited.

**As at 30 September 2021, Nahdi Investment Company also has investments in the following subsidiaries:

Subsidiary name	*Country of incorporation*	*Principal business activity*	*Effective ownership interest*	
			30 September 2021	*31 December 2020*
Nahdi Drug Store	UAE	Drug store	99%	99%
Al Nahdi Pharmacy	UAE	Pharmacy	99%	99%

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Group, using consistent accounting policies of the Group.

Subsidiary
Subsidiaries are entities controlled by the Group. 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 these entities. The subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)
NCI are measured at their proportionate share of the identifiable net assets at the date of acquisition. Change in the Group's interest in a subsidiary that do not result in a loss of control is accounted for as equity transactions.

The Group does not add its indirect share in the subsidiaries that it owns through investments in equity-accounted investees. When calculating the shares attributable to non-controlling interests, only the shares owned directly or indirectly by another subsidiary are taken into account.

Loss of control
When the Group loses control of subsidiaries, the assets, liabilities, non-controlling interests and other components of equity are derecognized and any gains or losses are recognized in the statement of profit or loss and any shares held are recognized at fair value when control is lost.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2 BASIS OF PREPARATION (continued)

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the consolidated financial statements for the year ended 31 December 2020. However, in the view of the current uncertainty due to COVID-19, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future periods. As the situation is still evolving with future uncertainties, management will continue to assess the impact based on prospective developments (see also note 18).

3 ACCOUNTING POLICIES, NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of amendments in standards effective as of 1 January 2021 as mentioned below and the accounting policy for earnings per share. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

3.1 Amendments and interpretations effective as of 1 January 2021

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Interest Rate Benchmark Reform – Phase 2: *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

3.2 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Group (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(Expressed in Saudi Riyals unless otherwise stated)

4 PROPERTY AND EQUIPMENT

	30 September 2021 (Unaudited)	*31 December 2020 (Audited)*
Cost:		
At the beginning of the period/year	**1,534,384,507**	1,276,187,957
Additions during the period/year	**211,750,016**	295,848,433
Addition due to acquisition of subsidiaries	-	146,354
Transfer from inventory	-	32,044,905
Impairment for the period/year	-	(12,778,825)
Disposals during the period/year	**(19,147,009)**	(29,119,705)
Write-offs during the period/year	-	(27,944,612)
At the end of the period/year	**1,726,987,514**	1,534,384,507
Depreciation:		
At the beginning of the period/year	**726,929,559**	630,668,159
Charge for the period/year	**121,591,432**	140,630,127
Relating to disposals	**(16,798,722)**	(24,111,841)
Relating to write-offs	-	(20,256,886)
At the end of the period/year	**831,722,269**	726,929,559
Net book amounts:		
At the end of the period/year	**895,265,245**	807,454,948

The fair value of the Group's piece of land as at 31 December 2020 was valued at SR 103.4 million (31 December 2019: SR 111.9 million) by independent professionally qualified valuers named Abdullah Al Kathiri Real Estate Evaluation Office using the market comparable approach and have recent experience in the location and segment of the piece of land valued. A valuation model in accordance with that recommended by the Saudi Authority for Accredited Valuers was applied.

Based on the difference between the carrying value and the fair value of the land as at 31 December 2020, an impairment loss of SR 8.6 million was recorded in the Group's annual consolidated financial statements for the year ended 31 December 2020. Even though the valuation was carried out at the year end, there is no material change in circumstances between the year end and the reporting date that would require adjustment or revaluation at the reporting date. Management is consistently evaluating the methods and assumptions used in valuating the Group's land.

(Expressed in Saudi Riyals unless otherwise stated)

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period/year:

	30 September 2021		*31 December 2020*	
	Right-of-use assets (unaudited)	***Lease liabilities (unaudited)***	*Right-of-use assets (Audited)*	*Lease liabilities (Audited)*
At the beginning of the period/year	**1,186,841,563**	**1,205,083,574**	1,306,061,068	1,217,799,365
Addition during the period/year	**343,947,062**	**343,947,062**	284,078,830	284,078,828
Addition on acquisition of subsidiary	**-**	**-**	1,643,737	2,008,257
Termination during the period/year	**(11,406,414)**	**(11,721,535)**	(55,928,446)	(34,469,589)
Depreciation during the period/year	**(286,260,677)**	**-**	(349,013,626)	-
Interest expense for the period/year	**-**	**33,059,651**	-	47,192,649
Payments during the period/year	**-**	**(288,119,021)**	-	(311,525,936)
At the end of the period/year	**1,233,121,534**	**1,282,249,731**	1,186,841,563	1,205,083,574

The following are the lease liabilities as classified in the interim condensed consolidated statement of financial position:

	30 September 2021 (Unaudited)	*31 December 2020 (Audited)*
Non-current portion	**1,015,475,051**	828,952,941
Current portion	**266,774,680**	376,130,633
	1,282,249,731	1,205,083,574

6 INVESTMENT PROPERTIES

The Group's investment properties consists of a piece of land in Jeddah, KSA amounting to SR 179 million (31 December 2020: SR 179 million). The fair value of the Group's investment properties as at 31 December 2020 was valued at SR 179 million (31 December 2019: SR 193 million) by independent professionally qualified valuers named Abdullah Al Kathiri Real Estate Evaluation Office using the market comparable approach and have recent experience in the location and segment of the investment property valued. A valuation model in accordance with that recommended by the Saudi Authority for Accredited Valuers was applied.

Based on the difference between the carrying value and the fair value of the investment properties as at 31 December 2020, an impairment loss of SR 14 million was recorded in the Group's annual consolidated financial statements for the year ended 31 December 2020. Even though the valuation was carried out at the year end, there are no material change in circumstances between the year end and the reporting date that would require adjustment or revaluation at the reporting date. Management is consistently evaluating the methods and assumptions used in valuating the Group's land.

7 INVENTORIES

	30 September 2021 (Unaudited)	*31 December 2020 (Audited)*
Inventories	**1,333,332,822**	1,344,091,635
Less: Provision for slow moving and obsolete inventories	**(157,103,319)**	(195,170,998)
	1,176,229,503	1,148,920,637

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7 INVENTORIES (continued)

Movement in the provision for slow moving and obsolete inventories was as follows:

	30 September 2021 (Unaudited)	*31 December 2020 (Audited)*
At the beginning of the period/year	**195,170,998**	90,978,892
Charge for the period/year	**16,117,936**	142,329,000
Written off during the period/year	**(7,163,657)**	(38,136,894)
Reversal during the period/year	**(47,021,958)**	-
At the end of the period/year	**157,103,319**	195,170,998

8 TRADE RECEIVABLES

	30 September 2021 (Unaudited)	*31 December 2020 (Audited)*
Trade receivables	**196,146,135**	108,120,130
Less: Allowance for expected credit losses (see note below)	**(13,538,852)**	(9,620,955)
	182,607,283	98,499,175

Movement in the allowance for expected credit losses of receivables is as follows:

	30 September 2021 (Unaudited)	*31 December 2020 (Audited)*
At the beginning of the period/year	**9,620,955**	32,158,477
Charge for the period/year	**4,100,000**	-
Transfer to other receivable	**(182,103)**	(3,720,155)
Reversal during the period/year	**-**	(18,000,000)
Written off during the period/year	**-**	(817,367)
	13,538,852	9,620,955

9 CASH AND CASH EQUIVALENTS

	30 September 2021 (Unaudited)	*31 December 2020 (Audited)*
Cash in hand	**25,610,536**	61,178,581
Cash at banks	**421,732,041**	947,351,082
	447,342,577	1,008,529,663

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10 PARTNERS' EQUITY

(a) Capital

The Company's capital is divided into 1,000,000 shares (31 December 2020: 1,000,000 shares) with a nominal value of SR 1,000 each (31 December 2020: SR 1,000 each) and held by the following partners:

Name of the partners	***No. of shares***	***30 September 2021 (Unaudited)***	*31 December 2020 (Audited)*
Saudi Economic and Development Holding Company (SEDCO)	**500,000**	**500,000,000**	500,000,000
Al Nahdi Holding Co.	**500,000**	**500,000,000**	500,000,000
Total	**1,000,000**	**1,000,000,000**	1,000,000,000

On 12 September 2021 (corresponding to 5 Safar 1443H), partners of the Parent Company resolved to increase the Company's capital from SR 1,000,000,000 to SR 1,300,000,000 by transfer of SR 300,000,000 from retained earnings account to proposed increase in capital account. As a result of such increase, there were no changes in the percentage shareholding of the partners. The legal formalities were completed subsequent to the reporting period on 11 October 2021 (corresponding to 5 Rabi' I 1443H).

(b) Statutory reserve

In accordance with the Companies law and Company's Article of Association, the Company must set aside 10% of its annual net income as the statutory reserve until it reaches 30% of the capital. The reserve is not available for distribution.

(c) Dividends

The partners in their meetings held on 27 April 2021, 12 September 2021 and 27 September 2021 resolved to distribute dividends of SR 460 million (SR 460 per share), SR 600 million (SR 600 per share), and SR 200 million (SR 200 per share), respectively (31 December 2020: SR 535 million (SR 662.62 per share), out of which SR 1,060 million was paid during the period.

11 EMPLOYEE BENEFITS

The Group operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The following table represents the movement of the defined benefits obligation:

	Nine-month period ended 30 September 2021	*Year ended 31 December 2020*
Defined benefits obligation at beginning of the period/year	**329,487,592**	168,829,324
Current service cost	**39,647,352**	44,039,885
Interest cost on defined benefits obligation	**5,336,420**	13,339,923
Actuarial loss on the obligation	**24,439,851**	19,576,276
Transferred in from agents	-	70,150,460
Addition on acquisition of subsidiary	-	48,351,986
Payments during the period/year	**(26,633,730)**	(34,800,262)
Defined benefits obligation at the end of the period/year	**372,277,485**	329,487,592

(Expressed in Saudi Riyals unless otherwise stated)

11 EMPLOYEE BENEFITS (continued)

11.1 Actuarial assumptions

	30 September 2021 (Unaudited)	*31 December 2020 (Audited)*
Discount rate	**2.75%**	2.25%
Future salary growth/expected rate of salary increase	**3.50%**	4.00%
Mortality rate	**0.25%**	0.25%
Retirement age	**60 years**	60 years

12 ZAKAT

The movement in the zakat provision during the period/year is as follows:

	Nine-month period ended 30 September 2021 (Unaudited)	*Year ended 31 December 2020 (Audited)*
At the beginning of the period/year	**98,053,920**	78,440,176
Acquisition of subsidiary	**-**	2,928,441
Transfer from agents	**-**	2,298,555
Provision for the current period/year	**37,230,353**	45,330,000
Payment during the period/year	**(44,483,544)**	(30,943,252)
At the end of the period/year	**90,800,729**	98,053,920

Status of assessments

Al Nahdi Medical Company

Zakat assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") up to 2014. The zakat returns for the years from 2015 to 2019 are currently under review by the ZATCA.

For the year ended 31 December 2015
Zakat assessment was received for the year above amounting to SR 6,017,417 and the Company has submitted an objection to Zakat, Tax and Customs Authority ("ZATCA") during the statutory period which is currently under review by the ZATCA.

For the years ended 31 December 2016 to 2019
The Company received zakat assessments for these years amounting to SR 8,536,005 and the Company is in the process of submitting an objection to ZATCA within the statutory period.

For the year ended 31 December 2020
The Company submitted zakat return for the year and no zakat assessment was received. The Company received a valid zakat certificate until 30 April 2022.

For the period ended 30 September 2021
The zakat status remains as mentioned above and has not changed in the nine-month period ended 30 September 2021.

Subsidiaries
The subsidiaries file their zakat returns separately. There are no significant assessments with ZATCA that are pending as at date of interim condensed consolidated statement of financial position.

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13 EARNINGS PER SHARE

The earnings per share calculation is given below:

	Three-month period ended 30 September		***Nine-month period ended 30 September***	
	2021 (Unaudited)	*2020 (Unaudited)*	***2021 (Unaudited)***	*2020 (Unaudited)*
Net profit for the period	**247,450,964**	93,096,760	**669,296,753**	682,309,468
Weighted average number of ordinary shares	**1,000,000**	1,000,000	**1,000,000**	1,000,000
Earnings per share – Basic and diluted	**247.45**	93.10	**669.30**	682.31

There has been no item of dilution affecting the weighted average number of ordinary shares.

14 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: quoted (unadjusted) market prices in active markets for identical assets or liabilities.

- Level 2: valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3: valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

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14 FAIR VALUE MEASUREMENT (continued)

The management assessed that the fair value of cash and cash equivalents, trade and other receivables, trade payables and lease liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of lands under property and equipment and investment properties are determined using a significant non-observable input and is classified as a level 3 measurement. The Group has assessed that the highest and best use does not differ from their current use. The Group has used comparative market approach as key input for valuation of lands under property and equipment and investment properties.

15 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the partners, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management. Following is the list of related party transactions and balances of the Group:

Related party	*Relationship*	*Nature of transaction*	*Transactions*	
			For the Nine-month period ended	
			30 September 2021 (Unaudited)	*30 September 2020 (Unaudited)*
Sakhaa Golden Company	Subsidiary (from 1 October 2020)	Services provided	-	145,437,720

The following is the detail of related party balances payable at the period/year end:

	30 September 2021 (Unaudited)	*31 December 2020 (Audited)*
Amount due to related parties		
Khota Al Khair for Commercial Services Company Limited	-	6,383,716
Al Nahdi Holding Co.	-	8,897,730
Tawjeeh Company for Services and Commercial Investments Company	-	8,897,730
	-	24,179,176

Key management compensation
Compensation for key management is as follows:

	Three-month period ended 30 September		*Nine-month period ended 30 September*	
	2021 (Unaudited)	*2020 (Unaudited)*	***2021 (Unaudited)***	*2020 (Unaudited)*
Salaries and other benefits	**(14,051,352)***	**5,451,653**	**2,625,000**	**31,636,657**
Post-employment benefits	**3,078,645**	**6,659,068**	**9,235,935**	**18,281,250**
	(10,972,707)	**12,110,721**	**11,860,935**	**49,917,907**

*The board of directors of the Company resolved to restrict the board of directors' remuneration as per the regulatory requirement as a result of the IPO process.

The amounts disclosed in the above table are the amounts recognised as an expense during the period related to key management personnel.

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16 SEGMENT INFORMATION

The Group operates in the KSA and the UAE and is engaged in the sale of cosmetics, medical materials, as well as medical equipment through pharmacies and through pharmacies that are operated through agents. During the year ended 31 December 2020, the Group has transferred operating licenses for pharmacies and employees of Al-Nahdi Company based on the exit contract signed with the agents as at 25 December 2019. Hence, the entire operations of the agents were transferred to the Group. It also operates specialized medical clinics through one of its subsidiaries providing employment services. The Group's operations in the UAE are considered relatively insignificant, and accordingly, the Group does not present business sector information at the geographical level. Also, the Group's business of operating specialized medical clinics and providing of employment services is considered relatively insignificant.

The Group has two operating segments, Front Shop and Pharma. The Group's segments maintain separate financial information, and the Group's chief operating decision maker (the "CODM") evaluates the segments' revenue on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance. The CODM evaluates the performance of the Group's segments based on revenue. The Group uses revenue as its principal measure of segment performance as it enhances the Group's ability to compare past financial performance with current performance and analyze underlying business performance and trends. The following table presents revenue information for the Group's operating segments for the nine-month and three-month periods ended 30 September 2021 and 30 September 2020, respectively:

	Revenue
Interim Condensed Consolidated Statement of Profit or Loss	
Nine-month period ended 30 September 2021 (Unaudited)	
Front Shop	**3,282,499,910**
Pharma	**2,787,889,463**
Others	**22,596,284**
Total	**6,092,985,657**
Interim Condensed Consolidated Statement of Profit or Loss	
Nine-month period ended 30 September 2020 (Unaudited)	
Front Shop	3,736,145,197
Pharma	2,916,125,378
Others	3,795,167
Total	6,656,065,742
Interim Condensed Consolidated Statement of Profit or Loss	
Three-month period ended 30 September 2021 (Unaudited)	
Front Shop	**1,081,255,738**
Pharma	**950,210,034**
Others	**10,273,057**
Total	**2,041,738,829**
Interim Condensed Consolidated Statement of Profit or Loss	
Three-month period ended 30 September 2020 (Unaudited)	
Front Shop	1,149,157,155
Pharma	983,854,685
Others	2,538,167
Total	2,135,550,007

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17 COMMITMENTS AND CONTINGENCIES

As at 30 September 2021, the Group has commitments of SR 41.5 million (31 December 2020: SR 122.1 million) relating to capital expenditures, which also includes an agreement with a consulting company to implement the decorations of pharmacies and implement the new stores of the Group.

18 IMPACT OF COVID-19

The outbreak of novel coronavirus ("COVID-19") since early 2020 and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organization qualified COVID-19 as a pandemic, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Group to re-assess its judgments and the key sources of estimation applied to the annual consolidated financial statements for the year ended 31 December 2020.

During the period ended 30 September 2021, management has assessed the overall impact on the Group's operations and business aspects, and considered factors like demand from customers, seamless products delivery processes, collections protocols, uninterrupted material supply, working capital projections, etc. Based on this assessment, no significant adjustments were required in the interim condensed consolidated financial statements for the period ended 30 September 2021. The situation surrounding COVID-19 and its impact on global economic conditions may continue to impact the Group's business, results of operations and financial condition in 2021. The situation remains uncertain and therefore it is difficult to predict with certainty the length of time that COVID-19 will impact Group's business and overall potential impact of COVID-19 on Group's business, operations and financial condition.

19 COMPARATIVE FIGURES

Certain account balances of prior year were reclassified to improve the consistency of information presented.

Reclassification in the statement of financial position for the year ended 31 December 2020 is summarised below:

	As previously reported	*Reclassification*	***As currently reported***
Prepayments and other non-current assets	4,634,857	(4,634,857)	**-**
Intangible assets	41,571,900	4,634,857	**46,206,757**
Prepayments and other current assets	174,551,926	(3,720,155)	**170,831,771**
Trade Receivables	94,779,020	3,720,155	**98,499,175**
Inventories	1,180,965,542	(32,044,905)	**1,148,920,637**
Property and equipment	779,589,718	27,865,230	**807,454,948**
Accruals and other current liabilities	457,825,282	4,179,675	**453,645,607**

20 EVENTS AFTER THE REPORTING PERIOD

In the opinion of management, there have been no significant subsequent events since the period ended 30 September 2021, which would have a material impact on the financial position of the Company as reflected in these interim condensed consolidated financial statements.

21 APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorised to issue by the Board of Directors on 12 December 2021G (corresponding to 8 Jumada' I 1443H).

Redefining the Future of Primary Healthcare