

THE JORDANIAN PHARMACEUTICAL MANUFACTURING CO.

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2022

Review Report on the Interim Condensed Consolidated Financial Statements

H.E. The Chairman and Board of Directors Members

The Jordanian Pharmaceutical Manufacturing Company - Public Shareholding Company

Amman - Jordan

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of The Jordanian Pharmaceutical Manufacturing Company – Public Shareholding Company (the "Company") and its subsidiaries (the "Group") as at 30 September 2022, comprising of the interim consolidated statement of financial position as at 30 September 2022 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the nine months period then ended and explanatory information. The management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 (Interim Financial Reporting). 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". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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.

Business Solutions for Auditing

Amman - Jordan
27 October 2022



THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	30 September 2022 JD (Unaudited)	31 December 2021 JD (Audited)
ASSETS			
Non-current assets -			
Right of use assets		7,420,510	7,535,488
Property, plant and equipment	3	3,570,532	3,417,427
Intangible assets		2,041,967	2,061,488
Investment in associates		3,848,517	2,968,206
Financial assets at fair value through other comprehensive income		331,424	193,541
Deferred tax assets		1,368,350	-
		<u>18,581,300</u>	<u>16,176,150</u>
Current assets -			
Inventory		6,370,763	5,624,556
Other receivables		1,515,252	1,374,523
Due from related parties	4	1,178,068	12,166
Accounts receivables		12,647,074	13,919,008
Letters of credit under collection		439,518	533,472
Checks under collection		698,505	742,427
Cash and bank balances	5	4,140,674	11,427,559
		<u>26,989,854</u>	<u>33,633,711</u>
Total Assets		<u>45,571,154</u>	<u>49,809,861</u>
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent -			
Paid in capital	1	69,756,944	25,312,500
Share discount	1	(32,444,444)	-
Payments received for capital increase	1	-	12,000,000
Statutory reserve		216,424	219,115
Cumulative change in fair value through other comprehensive income		(2,185,627)	(2,323,510)
Foreign currency translation reserve		-	(88,930)
Accumulated losses		(35,349,803)	(33,271,614)
		<u>(6,506)</u>	<u>1,847,561</u>
Non-controlling interests		164,044	106,792
Net equity		<u>157,538</u>	<u>1,954,353</u>
Liabilities			
Non-current liabilities -			
Deferred gain from sale and lease back		1,119,861	1,206,004
Lease liabilities	6	6,617,167	6,966,810
Murabaha financing		19,999,275	20,256,322
Notes payable		5,366,832	6,054,091
		<u>33,103,135</u>	<u>34,483,227</u>
Current liabilities -			
Current portion of deferred gain on sale and lease back		114,858	114,858
Current portion of lease liabilities	6	604,447	649,227
Current portion of murabaha financing		2,108,238	717,703
Current portion of notes payable		931,375	1,350,205
Due to related parties	4	986,190	53,992
Accounts payables		2,478,056	2,407,133
Other payables		5,087,317	7,131,120
Due to banks	5	-	948,043
		<u>12,310,481</u>	<u>13,372,281</u>
Total Liabilities		<u>45,413,616</u>	<u>47,855,508</u>
Total Equity and Liabilities		<u>45,571,154</u>	<u>49,809,861</u>

The attached notes from 1 to 12 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2022	2021	2022	2021
		JD	JD	JD	JD
Net sales		2,650,758	4,378,281	9,865,898	12,186,345
Cost of sales		(2,044,158)	(3,307,913)	(7,048,791)	(7,761,232)
Gross profit		606,600	1,070,368	2,817,107	4,425,113
Selling and distribution expenses		(534,637)	(297,124)	(1,791,970)	(2,357,180)
Administrative expenses		(699,671)	(838,218)	(2,021,573)	(1,897,495)
Expected credit loss provision		(1,518,350)	(1,292,110)	(1,518,350)	(1,292,110)
Finance costs		(326,592)	(560,817)	(905,661)	(1,473,752)
Studies and research expenses		(117,193)	(97,182)	(334,734)	(274,317)
Impairment losses and amortization of intangible assets		(28,725)	(24,739)	(83,438)	(76,918)
Expired goods		(63,970)	(60,778)	(172,304)	(224,724)
Groups' share of profit of associates		826,959	-	826,959	(106,314)
Gain from murabaha restructuring		-	572,607	-	572,607
Legal case provision that are no longer required		-	2,831,831	-	2,831,831
Income from sale of technical knowledge		(27,114)	-	(27,114)	-
Other income and expenses, net		(161,405)	(57,107)	(70,176)	(8,445)
(Loss) Gain for the period before income tax		(2,044,098)	1,246,731	(3,281,254)	118,296
Income tax for the period	7	1,368,350	-	1,368,350	-
(Loss) Gain for the period		(675,748)	1,246,731	(1,912,904)	118,296
(Loss) Gain for the period attributable to:					
Shareholders of the parent company		(702,931)	1,265,078	(1,927,608)	154,945
Non-controlling interests		27,183	(18,347)	14,704	(36,649)
		(675,748)	1,246,731	(1,912,904)	118,296
		<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted (loss) gain per share for the period	8	(0/010)	0/019	(0/028)	0/002

The attached notes from 1 to 12 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2022	2021	2022	2021
	JD	JD	JD	JD
(Loss) Gain for the period	675,748	1,246,731	(1,912,904)	118,296
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods, net of tax				
Change in fair value of financial assets through other comprehensive income	-	-	137,883	-
Foreign currency translation differences	-	41,569	(3,594)	44,449
Total comprehensive income for the period	<u>675,748</u>	<u>1,288,300</u>	<u>(1,778,615)</u>	<u>162,745</u>
Attributable to:				
Shareholders of the parent company	675,748	1,306,645	(1,766,148)	197,759
Non-controlling interests	-	(18,345)	(12,467)	(35,014)
	<u>675,748</u>	<u>1,288,300</u>	<u>(1,778,615)</u>	<u>162,745</u>

The attached notes from 1 to 12 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

Attributable to equity holders of the parent company

	Paid-in capital	Share discount	Payments received for capital increase	Statutory reserve	Cumulative change in fair value of financial assets at fair value through other comprehensive income	Foreign currency translation differences	Accumulated losses *	Total	Non-controlling interests	Net equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
2022-										
Balance as at 1 January 2022	25,312,500	-	12,000,000	219,115	(2,323,510)	(88,930)	(33,271,614)	1,847,561	106,792	1,954,353
Loss for the period	-	-	-	-	-	-	(1,927,608)	(1,927,608)	14,704	(1,912,904)
Other comprehensive income items	-	-	-	-	137,883	(3,467)	-	134,416	(127)	134,289
Total comprehensive income	-	-	-	-	137,883	(3,467)	(1,927,608)	(1,793,192)	14,577	(1,778,615)
Capital Increase (Note 1)	44,444,444	(32,444,444)	(12,000,000)	-	-	-	-	-	-	-
Effect of changes in subsidiary companies (Note 2)	-	-	-	(2,691)	-	92,397	(150,581)	(60,875)	42,675	(18,200)
Balance as at 30 September 2022	69,756,944	(32,444,444)	-	216,424	(2,185,627)	-	(35,349,803)	(6,506)	164,044	157,538
2021-										
Balance as at 1 January 2021	25,312,500	-	-	2,059,193	(2,323,510)	(66,637)	(35,233,768)	(10,252,222)	135,193	(10,117,029)
Loss for the period	-	-	-	-	-	-	154,945	154,945	(36,649)	118,296
Other comprehensive income items	-	-	-	-	-	42,814	-	42,814	1,635	44,449
Total comprehensive income	-	-	-	-	-	42,814	154,945	197,759	(35,014)	162,745
Balance as at 30 September 2021	25,312,500	-	-	2,059,193	(2,323,510)	(23,823)	(35,078,823)	(10,054,463)	100,179	(9,954,284)

* Accumulated losses include amounts related to deferred tax assets by the amount of JD 1,368,350 which can not be used as at 30 September 2022.

The attached notes from 1 to 12 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022 (UNAUDITED)

	Note	30 September 2022	30 September 2021
		JD	JD
<u>OPERATING ACTIVITIES</u>			
(Loss) Gain for the period		(3,281,254)	118,296
Adjustments for:			
Depreciation and amortization		521,832	486,116
Expired goods		172,304	224,724
Company's share of profit of associates		(826,959)	106,314
Gain from Murabaha restructuring		-	(572,607)
Finance costs		905,661	1,473,752
Legal case provision that are no longer required		-	(2,831,831)
Expected credit loss provision		1,518,350	1,292,110
		(990,066)	296,874
Changes in working capital-			
Inventory		(918,511)	43,270
Due from related parties		12,166	(365)
Accounts receivables		(515,594)	(365,125)
Checks under collection		43,922	(643,290)
Letters of credit under collection		93,954	-
Other receivables		(140,729)	(76,994)
Accounts payables		70,923	572,542
Letters of credit under collection		(51,838)	-
Other payables		(2,043,803)	637,885
Net cash flows (used in) from operating activities		(4,439,576)	464,797
<u>INVESTING ACTIVITIES</u>			
Purchase of property, plant and equipment	3	(540,438)	(170,226)
Net cash flows used in investing activities		(540,438)	(170,226)
<u>FINANCING ACTIVITIES</u>			
Lease liabilities paid		(480,566)	(374,849)
Murabaha financing		1,133,488	2,030,538
Finance costs paid		(905,661)	(901,145)
Notes payable		(1,106,089)	(1,114,273)
Net cash flows used in financing activities		(1,358,828)	(359,729)
Net decrease in cash and cash equivalents		(6,338,842)	(65,158)
Cash and cash equivalents at the beginning of the period	5	10,479,516	(747,402)
Currency translation differences, net		-	44,449
Cash and cash equivalents at the end of the period	5	4,140,674	(768,111)

The attached notes from 1 to 12 form part of these interim condensed consolidated financial statements

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2022 (UNAUDITED)

(1) GENERAL

The Jordanian Pharmaceutical Manufacturing Company (the "Company") was established on 27 January 2004 as a Public Shareholding Company, as a result of the merger between Al Razi for Pharmaceutical Manufacturing a public shareholding company and the Jordanian Company for the Production of Medicines and Medical Equipment a limited liability company, under registration number 347 with an authorized capital and paid in capital of JD 25,312,500 divided into 25,312,500 shares at par value of JD1 per share.

The general assembly of The Jordanian Pharmaceutical Production Company resolved in its extra ordinary meeting held on 29 November 2021 to increase the capital of the company from 25,312,500 share/JD to 69,756,944 share/JD, by allocating the increased shares (44,444,444 shares) to some shareholders, with issuance discount of 0.73 piasters per share, and by the value of JD 12,000,000. The legal procedures were completed on 11 January 2022.

The head office of the Company is located in Amman - The Hashemite Kingdom of Jordan.

The Group's main objectives are the production of medical, chemical and pharmaceutical products.

The consolidated financial statements were approved by the Board of Directors on 26 October 2022.

INVESTORS WITH SIGNIFICANT INFLUENCE ON THE GROUP:

Jordan Islamic Bank and Rimco for Investment Company owns 88.8% and 4.6% of the Company's issued shares, respectively.

(2-1) BASIS OF PREPARATION

The interim condensed consolidated financial statements for the period ended on 30 September 2022 are prepared in accordance with IAS 34 ("Interim Financial Information").

The interim condensed consolidated financial statements are presented in Jordanian Dinars ("JD") which is the functional currency of the Company.

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value as at the date of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company's annual financial statements as at 31 December 2021. In addition, the results for the nine months ended 30 September 2022 are not necessarily indicative of the results that may be expected for the financial year ending on 31 December 2022.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2022 (UNAUDITED)

(2-2) CHANGES IN ACCOUNTING POLICES

The accounting policies adopted in the preparation of the consent consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations -Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments did not have material impact on the Interim condensed consolidated financial statements of the Group.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments did not have material impact on the Interim condensed consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The amendments did not have material impact on the Interim condensed consolidated financial statements of the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial Liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments did not have material impact on the Interim condensed consolidated financial statements of the Group.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to the Group.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments is not applicable to the Group.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2022 (UNAUDITED)

(2-3) BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group") as at 30 September 2022. The subsidiaries that are included in the consolidated financial statements are as follow:

Subsidiary Name	Capital	Principal activities	Country of incorporation	Ownership percentage 2022	Ownership percentage 2021
				%	%
Dellas for Natural Products Co.	JD 150,000	Industrial	Jordan	93.33%	93.33%
Swagh for Pharmaceutical Manufacturing Co.	JD 150,000	Industrial	Jordan	93.33%	93.33%
Aragen for Technical Organic Co. *	JD 1,400,000	Industrial	Jordan	100%	90%
Aragen for Technical Organic Co. (Free-Zone)	JD 30,000	Industrial	Jordan	100%	100%
Jordanian Algerian Pharmaceutical Manufacturing Co. **	DZD 41,836,000	Marketing	Algeria	49%	99.66%

* During the year 2022, the Group has increase its ownership in Aragen for Technical Organic Company by 10% bringing total ownership to 100%.

** During the year 2022, the Group has transferred 50.66% of its shares in The Jordanian Algerian Pharmaceutical Manufacturing Company (Subsidiary company) to new strategic investors against raising the capital of the subsidiary to become DZD 41 million which reduced the groups new ownership percentage to 49%. Accordingly, the investment recognition method has changed to equity method instead of consolidation starting from the date of losing control.

The control exists when the Group controls the subsidiaries' significant and relevant activities, and is exposed, or has the rights, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns. Control over the subsidiaries is exercised when the following factors exist:

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

When the Group owns less than a majority of the voting rights in an investee, in this case, the Group considers all factors and circumstances to determine whether it has control over the investee, which include the following:

- Contractual agreements with shareholders that have voting rights in the investee.
- Rights resulting from other contractual arrangements.
- The Group's current and future voting rights in the investee.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2022 (UNAUDITED)

The Group reassesses its control over the investee when circumstances and factors exist that lead to the change in one or more of the three factors listed above.

Subsidiaries are fully consolidated from the date of acquisition being the date on which the Group gains control, and continues to do so until the date when such control ceases. The subsidiaries revenues and expenses are consolidated in the consolidated statement of comprehensive income from the date the Group gains control over the subsidiaries until that control ceases.

Profits, losses, and all other comprehensive income items are attributed to the shareholders' equity of the parent company, and to non-controlling interest, even if this leads to a deficit balance. If need arises, the subsidiaries' financial statements are adjusted accordingly to comply with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit or loss and other comprehensive income
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(3) PROPERTY, PLANT AND EQUIPMENT

During the nine months period ended 30 September 2022, the Company purchased property, plant and equipment by the amount of JD 540,438 (30 September 2021: JD 170,226).

(4) RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties represent major shareholders, directors and key management personnel of the Company, associates Company's and entities significantly controlled by them. Pricing policies and terms of the transactions are approved by the Company's management.

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2022 (UNAUDITED)

Balances with related parties as shown in the interim consolidated statement of financial position are as follows:

	<u>Nature of relationship</u>	<u>30 September 2022 JD (Unaudited)</u>	<u>31 December 2021 JD (Audited)</u>
Due from related parties:			
The Jordanian Algerian Pharmaceutical Manufacturing Co.	Associate Company	1,178,068	-
Dr. Adnan Ali Hussein Badwan	Board Member	-	12,166
		<u>1,178,068</u>	<u>12,166</u>
Due to related parties:			
The Jordanian Algerian Pharmaceutical Manufacturing Co.	Associate Company	983,736	-
Azal Pharmaceutical Company	Associate Company	2,454	3,992
Rashid Abd Al-Rahman Al-Rashid Co.	Major Shareholder	-	50,000
		<u>986,190</u>	<u>53,992</u>
Lease liabilities:			
Jordan Islamic Bank	Major Shareholder	<u>7,221,614</u>	<u>7,616,037</u>
Murabaha financing:			
Jordan Islamic Bank	Major Shareholder	<u>22,107,513</u>	<u>20,974,025</u>
Other Payables:			
Amounts due to Board of Directors	Board Members	<u>236,190</u>	<u>301,051</u>

The following is a summary of transactions with related parties that appear in the interim consolidated statement of profit or loss:

	<u>Nature of relationship</u>	<u>For the nine months ended 30 September</u>	
		<u>2022 JD (unaudited)</u>	<u>2021 JD (unaudited)</u>
Finance costs:			
Jordan Islamic Bank	Major Shareholder	<u>(905,661)</u>	<u>(1,451,911)</u>
Gain from murabaha restructuring:			
Jordan Islamic Bank	Major Shareholder	<u>-</u>	<u>572,607</u>

Short term salaries, transportation and other benefits of key management personnel amounted to JD 352,125 for the period ended 30 September 2022 (for the period ended 30 September 2021: JD 352,125).

THE JORDANIAN PHARMACEUTICAL MANUFACTURING COMPANY - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2022 (UNAUDITED)

(5) CASH AND CASH EQUIVALENTS

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Bank balances	936,767	11,412,692
Murabaha portfolio short term	3,197,500	-
Cash on hand	6,407	14,867
Cash and bank balances	4,140,674	11,427,559

For the purpose of preparation of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	30 September 2022	31 December 2021
	JD	JD
	(Unaudited)	(Audited)
Cash and bank balances	4,140,674	11,427,559
Less: due to banks	-	(948,043)
Cash and cash equivalents	4,140,674	10,479,516

(6) LEASE LIABILITY

This item includes accrued and unpaid lease installments by the amount of JD 219,789 as at 30 September 2022.

(7) INCOME TAX

The Jordanian Pharmaceutical Manufacturing Company

The Income Tax Department has reviewed the Company's income tax returns for the years from 2018 to 2020 and issued its decision to accumulate losses by JD 6,841,753. In addition The company submitted 2021 tax returns to Income Tax department and they are waiting to be approved.

Dellas for Natural Products Company-

The company obtained a final clearance from the Income Tax Department until the end of 2018. The company has also submitted self-assessment statements to the Income and Sales Tax Department for the operations results for the years from 2019 to 2021 and is awaiting to be audited.

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Aragen for Technical Organic Company-

The company obtained a final clearance from the Income Tax Department until the end of 2018 (the years 2010, 2012, 2013 and 2015 are reviewed by the court, the value of the balances owed on it is JD 30,733). The company also submitted self-assessment statements to the Income and Sales Tax Department for the results of the 2019 and 2021 business within the legal deadline.

Swagh for Pharmaceutical Manufacturing Company-

The company obtained a final clearance from the Income Tax Department until the end of 2018. The company has also submitted self-assessment statements to the Income and Sales Tax Department for the operations results for the years from 2019 to 2021 and is awaiting to be audited.

(8) LOSS PER SHARE FOR THE PERIOD

	For the nine months period ended 30 September	
	2022	2021
(Loss) Gain for the period (JD)	(1,927,608)	154,945
Weighted average number of shares (share)	68,128,942	68,128,942
	JD/Fils	JD/Fils
Basic and diluted (loss) gain profit per share for the period	<u>(0/028)</u>	<u>0/002</u>

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(11) SEGMENT INFORMATION

For management purposes, the Company is organized based on the reports which are used by the General Manager and the main Decision Maker of the Company through the geographical distribution of sales and the geographical distribution of assets and liabilities. The geographical distribution of sales, cost of sales, gross profit and type of sold items are as follows:

For the nine months ended 30 September						
	Inside Jordan		Outside Jordan		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Net sales	3,760,599	5,910,303	6,105,299	6,276,042	9,865,898	12,186,345
Cost of sales	(2,686,798)	(3,764,150)	(4,361,993)	(3,997,082)	(7,048,791)	(7,761,232)
Gross profit	<u>1,073,801</u>	<u>2,146,153</u>	<u>1,743,306</u>	<u>2,278,960</u>	<u>2,817,107</u>	<u>4,425,113</u>
Other information:						
Depreciation and amortization	521,832	481,844	-	4,272	521,832	486,116
Finance costs	905,661	1,440,121	-	33,631	905,661	1,473,752
Groups' share of profit of associates	-	-	826,959	(106,314)	826,959	(106,314)

The geographical distribution of assets, liabilities is as follows:

	Inside Jordan		Outside Jordan		Total	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	JD	JD	JD	JD	JD	JD
Total assets	31,938,124	36,888,622	13,633,030	12,246,820	45,571,154	49,135,442
Total liabilities	44,427,426	46,209,324	986,190	971,765	45,413,616	47,181,089

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(10) LAWSUITS HELD AGAINST THE COMPANY

There are cases filed against the Company in the amount of JD 340,883 as of 30 September 2022, as part of the Company's ordinary operations, and at the discretion of the management of Company and its legal adviser, the Company will not have substantial obligations against these cases.

(11) COMMITMENTS AND CONTINGENCIES

As of the date of these interim condensed consolidated financial statements, the Company has the following commitments and contingencies:

	<u>30 September 2022</u>	<u>31 December 2021</u>
	JD	JD
Commitments and contingencies:	(Unaudited)	(Audited)
Letters of credit	169,944	177,024
Bank guarantees	3,309,868	3,276,387
Bills of collection	-	217,905

Associate companies contingent liability:

The financial statements of The Jordanian Algerian Pharmaceutical Manufacturing Company (49% owned associate company) contain overdraft account issued from The Housing Bank Algeria by the amount of DZD 184.8 million as of 30 September 2022 against 100% guarantee issued from The Jordanian Pharmaceutical Manufacturing Company.

(12) FAIR VALUES

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for financial assets.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e, as prices) or indirectly (i.e, derived from prices). This category includes instrument evaluated based on: Prices quoted in active markets for similar instruments or through the use of valuation model that includes inputs that can be traced to markets, these inputs could be defended directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data.

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A- Financial assets and liabilities that are measured at fair value:

	Book value	Level 1	Level 2	Level 3
	JD	JD	JD	JD
As at 30 September 2022 (Unaudited)				
Financial assets at fair value through other comprehensive income	331,424	-	-	331,424
As at 31 December 2021 (Audited)				
Financial assets at fair value through other comprehensive income	193,541	-	-	193,541

The management believes that the book value of financial assets and liabilities are not materially different from its fair value.

B- Financial assets and liabilities that are not measured at fair value:

	30 September 2022	31 December 2021
	JD	JD
Book value	(Unaudited)	(Audited)
Cash and bank balances	4,140,674	11,427,559
Due from related parties	1,178,068	12,166
Accounts receivables	12,647,074	13,919,008
Letters of credit under collection	439,518	533,472
Checks under collection	698,505	742,427
Lease liabilities	7,221,614	7,616,037
Murabaha financing	22,107,513	20,974,025
Notes payables	6,298,207	7,404,296
Due to banks	-	948,043
Due to related parties	986,190	53,992
Accounts payables	2,478,056	2,407,133

The management believes that the book value of financial assets and liabilities are not materially different from its fair value.