

AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2025
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT

AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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KPMG Professional Services Company

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P.O. Box 4803
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Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

الطابق ١٦، برج البرعش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبير ٣١٤٦ - ٣٤٤١٢
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim consolidated financial statements

To the Shareholders of Al Dawaa Medical Services Company (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 September 2025 condensed interim consolidated financial statements of **Al Dawaa Medical Services Company** ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed interim consolidated statement of financial position as at 30 September 2025;
- the condensed interim consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2025;
- the condensed interim consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2025;
- the condensed interim consolidated statement of changes in equity for the nine-month period ended 30 September 2025;
- the condensed interim consolidated statement of cash flows for the nine-month period ended 30 September 2025; and
- the notes to the condensed interim consolidated financial statements.

Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim 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.

KPMG Professional Services Company, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR110,000,000 and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Commercial Registration of the headquarters in Riyadh is 1010425494.

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (١١٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. رقم السجل التجاري للمركز الرئيسي في الرياض هو ١٠١٠٤٢٥٤٩٤.



Independent auditor's report on review of condensed interim consolidated financial statements

To the Shareholders of Al Dawaa Medical Services Company (A Saudi Joint Stock Company)
(continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2025 condensed interim consolidated financial statements of Al Dawaa Medical Services Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

For KPMG Professional Services Company

Mohammed Najeeb Alkhelaiwi
License no. 481




Al Khobar, 18 Jamadi ul Awal 1447H
Corresponding to: 9 November 2025G

AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

	Notes	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Assets			
Non-current assets			
Property and equipment	3	1,018,328,907	1,058,812,752
Right-of-use assets	4	1,526,293,156	1,447,646,513
Intangible assets		17,612,738	20,614,238
Equity accounted investee		13,365,378	490,000
Long term deposit		3,853,994	3,651,358
Investment in unconsolidated subsidiaries		204,739	204,739
Equity instruments designated at fair value through other comprehensive income (FVOCI)		58,600,000	63,900,000
Total non-current assets		2,638,258,912	2,595,319,600
Current assets			
Inventories	5	1,667,127,750	1,477,112,597
Trade receivables	6	652,247,624	747,937,030
Prepayments and other current assets		165,443,604	165,163,976
Amounts due from related parties	13(c)	1,144,054	198,505
Right of return assets		693,262	693,262
Equity instruments designated at fair value through other comprehensive income (FVOCI)		-	1,790,191
Cash and cash equivalents		49,642,288	47,526,199
Total current assets		2,536,298,582	2,440,421,760
Total assets		5,174,557,494	5,035,741,360
Equity and liabilities			
Equity			
Share capital		850,000,000	850,000,000
Fair value reserve of equity instruments at FVOCI		(8,000,000)	(2,775,642)
Retained earnings		709,382,845	609,226,304
Total equity		1,551,382,845	1,456,450,662
Liabilities			
Non-current liabilities			
Lease liabilities	4	1,360,188,093	1,278,404,126
Employees' benefits		185,461,077	166,836,091
Total non-current liabilities		1,545,649,170	1,445,240,217
Current liabilities			
Refund liabilities		37,410,252	28,130,736
Trade and other payables		1,166,496,798	1,207,381,883
Amounts due to related parties	13(e)	34,828,681	42,396,610
Current portion of lease liabilities	4	206,709,216	201,486,560
Current portion of term loans	8.1	24,166,667	140,416,678
Contract liabilities		38,783,657	17,908,427
Short-term borrowings	8.2	555,000,000	480,000,000
Provision for Zakat	10	14,130,208	16,329,587
Total current liabilities		2,077,525,479	2,134,050,481
Total liabilities		3,623,174,649	3,579,290,698
Total equity and liabilities		5,174,557,494	5,035,741,360


Authorised Board of Directors Member
Ibrahim Salem Alrowais


Chief Executive Officer
Mohammed Saad Al-Farraj


Chief Financial Officer
Shareef Al-Aqabawi

The accompanying notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2025
(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

	Notes	Three month period ended		Nine month period ended	
		30 September 2025 (Unaudited)	30 September 2024 (Unaudited)	30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
Revenue	9	1,702,801,650	1,634,148,104	5,053,295,532	4,754,054,668
Cost of revenue		(1,110,265,358)	(1,069,709,934)	(3,265,660,174)	(3,060,572,155)
Gross profit		592,536,292	564,438,170	1,787,635,358	1,693,482,513
Selling and distribution expenses		(451,601,805)	(420,942,375)	(1,318,764,696)	(1,211,733,531)
General and administrative expenses		(36,400,672)	(33,660,134)	(105,954,614)	(102,831,635)
Other expenses		(2,396,724)	(1,202,977)	(4,243,793)	(6,406,546)
Other income		923,834	1,595,276	3,682,093	2,508,880
Operating profit		103,060,925	110,227,960	362,354,348	375,019,681
Finance costs		(31,972,311)	(30,204,421)	(91,962,701)	(92,289,962)
Share of loss from equity accounted investees		(2,024,622)	-	(2,024,622)	-
Profit before Zakat		69,063,992	80,023,539	268,367,025	282,729,719
Zakat expense	10	-	(4,935,100)	(7,560,000)	(16,435,090)
Profit for the period		69,063,992	75,088,439	260,807,025	266,294,629
Earnings per share					
Basic and diluted earnings per share attributable to the shareholders of the Group	11	0.81	0.88	3.07	3.13


Authorised Board of Directors Member
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AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 2025
(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

	Three month period ended		Nine month period ended	
	30 September	30 September	30 September	30 September
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period	69,063,992	75,088,439	260,807,025	266,294,629
Other comprehensive income / (loss)				
<i>Items that will not be reclassified to the consolidated statement of profit or loss in subsequent periods</i>				
Fair value changes in equity instrument at FVOCI	<u>5,320,000</u>	<u>15,836,375</u>	<u>(5,224,842)</u>	<u>(4,906,191)</u>
Total comprehensive income for the period	<u>74,383,992</u>	<u>90,924,814</u>	<u>255,582,183</u>	<u>261,388,438</u>



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AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(ALL AMOUNTS IN SAUDI RIYALS (ﷵ) UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Fair value reserve of equity instruments at FVOCI	Retained earnings	Total
Balance at 1 January 2024 (Audited)	850,000,000	59,459,361	24,856,826	378,688,565	1,313,004,752
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	266,294,629	266,294,629
Other comprehensive loss for the period	-	-	(4,906,191)	-	(4,906,191)
Total comprehensive income for the period	-	-	(4,906,191)	266,294,629	261,388,438
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	(15,382,348)	15,382,348	-
Transfer of statutory reserves	-	(59,459,361)	-	59,459,361	-
<i>Transactions with owners in their capacity as owners</i>					
Dividends	-	-	-	(159,375,117)	(159,375,117)
Balance at 30 September 2024 (Unaudited)	850,000,000	-	4,568,287	560,449,786	1,415,018,073
Balance at 1 January 2025 (Audited)	850,000,000	-	(2,775,642)	609,226,304	1,456,450,662
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	260,807,025	260,807,025
Other comprehensive loss for the period	-	-	(5,224,842)	-	(5,224,842)
Total comprehensive income for the period	-	-	(5,224,842)	260,807,025	255,582,183
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	484	(484)	-
<i>Transactions with owners in their capacity as owners</i>					
Dividends (note 7)	-	-	-	(160,650,000)	(160,650,000)
Balance at 30 September 2025 (Unaudited)	850,000,000	-	(8,000,000)	709,382,845	1,551,382,845

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AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**

(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

	Notes	Nine month period ended	
		30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
Cash flows from operating activities		260,807,025	266,294,629
Profit for the period			
<u>Adjustments for:</u>			
Depreciation for property and equipment	3	134,812,594	120,391,571
Depreciation for right-of-use assets	4	166,980,729	158,470,616
Amortisation of intangible assets		4,274,389	4,564,933
Loss on derecognition due to termination of leases		-	1,908,182
Short term lease expense		639,868	1,432,680
Variable lease expense		9,280,020	6,810,618
Share of loss from equity accounting investees		2,024,622	-
Write off of property and equipment		1,193,354	2,621,564
Provision for employees' benefits		22,279,380	17,031,720
Loss on disposal of property and equipment		541,480	-
Finance cost		91,962,701	92,289,962
Zakat expense	10	7,560,000	16,435,090
<u>Changes in:</u>			
Inventories		(190,838,182)	(277,972,541)
Trade receivables		95,689,406	(195,235,600)
Prepayments and other current assets		(279,628)	68,930,439
Amounts due from related parties		(945,549)	1,850,046
Long term deposit		(202,636)	-
Refund liabilities		9,279,516	(1,706,311)
Trade and other payables		(38,388,328)	370,791,412
Amounts due to related parties		(7,567,929)	(8,597,034)
Contract liabilities		20,875,230	(2,354,657)
Cash generated from operating activities		589,978,062	643,957,319
Short term lease payments		(639,868)	(1,432,680)
Variable lease payments		(9,280,020)	(6,810,618)
Settlement for termination of lease contracts		(611,145)	(1,127,605)
Interest paid		(84,601,293)	(88,374,505)
Employees' benefits paid		(13,512,559)	(3,993,423)
Zakat paid	10	(9,759,379)	(14,037,586)
Net cash generated from operating activities		471,573,798	528,180,902
Cash flows from investing activities			
Purchase of property and equipment	3	(95,240,554)	(169,971,950)
Addition to intangible assets		(1,272,889)	(2,532,408)
Proceeds from disposal of equity instruments designated at FVOCI		1,865,349	104,245,395
Investment in equity accounted investee		(14,900,000)	(490,000)
Net cash used in investing activities		(109,548,094)	(68,748,963)

AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025
(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

	Notes	Nine month period ended	
		30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
Cash flows from financing activities			
Proceeds from short-term borrowings		1,788,000,000	979,500,000
Repayments of short-term borrowings		(1,713,000,000)	(1,042,500,000)
Repayments of long-term loans		(116,250,011)	(118,749,989)
Principal elements of lease payments		(158,009,604)	(140,614,663)
Dividend paid	7	(160,650,000)	(159,375,117)
Net cash used in financing activities		(359,909,615)	(481,739,769)
Net increase / (decrease) in cash and cash equivalents		2,116,089	(22,307,830)
Cash and cash equivalents at beginning of period		47,526,199	54,323,191
Cash and cash equivalents at end of period		49,642,288	32,015,361

Significant non-cash transactions

Additions to right-of-use assets and lease liabilities	4	261,689,413	140,753,336
Modification of right-of-use assets and lease liabilities	4	5,837,809	4,632,599
Derecognised of right-of-use assets due to lease termination	4	(21,899,850)	(13,070,265)
Derecognised of lease liabilities due to lease termination	4	(22,510,995)	(12,289,688)
Fair value loss on equity instruments designated at FVOCI		(5,224,842)	(4,906,191)
Transfer of fair value reserve of equity instruments designated at FVOCI		484	15,382,348
Transfer from inventories to property and equipment	3	823,029	5,889,628
Remeasurements of right-of-use assets and lease liabilities	4	-	236,649
Transfer of statutory reserve to retained earnings		-	59,459,361



Authorised Board of Directors Member
Ibrahim Salem Alrowais



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Shareef Al-Aqabawi

The accompanying notes from 1 to 17 form an integral part of these condensed interim consolidated financial statements.

AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**
(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

1. GENERAL INFORMATION

Al Dawaa Medical Services Company (herein after referred as the "Company") is a Saudi Joint Stock Company. The Company was initially registered as a Limited Liability Company in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration numbered 2051025701 dated 23 Ramadan 1422H (corresponding to 8 December 2001G) and national unified number 7001428445 with branches in Khobar, Riyadh, Jeddah, and other cities across the Kingdom. The Company's registered office is located at P.O. box 4326, Al Khobar 31952, Kingdom of Saudi Arabia.

The Company is listed on Saudi Stock Exchange (Tadawul) since 14 March 2022 with a free float of 30% of the Company's share capital.

The Company and its subsidiaries listed below (collectively referred to as the "Group") are engaged in online wholesale of pharmaceutical products, pharmaceutical agents, wholesale of pharmaceutical goods, related pharmacy activities, pharmaceutical warehousing activities, retail of medical equipment and other equipment, online retailing, land transport of goods, providing delivery services via electronic platforms, managing and renting self-storage stores and manufacturing of single-use medical products and disposables.

These condensed interim consolidated financial statements were approved and signed for issuance by the Board of Directors on 12 Jamadi ul Awwal 1447H corresponding to 3 November 2025G.

The Company has investment in the following subsidiaries:

Name	Country of Incorporation	Equity interest %	
		30 September 2025	31 December 2024
Premier Medical Devices Manufacturing Company	Kingdom of Saudi Arabia	100%	100%
Glanzen	United Arab Emirates	100%	100%
Al-Dawaa Medical Services Company FZCO	United Arab Emirates	100%	100%
Ronzac GmbH	Germany	100%	100%
Hollinz	Germany	100%	100%
Solutions Systems for Logistics Services Company	Kingdom of Saudi Arabia	100%	-

The Company has investment in following associates:

Name	Country of Incorporation	Equity interest %	
		30 September 2025	31 December 2024
Modawaa and Rieaya Medical Company Limited	Kingdom of Saudi Arabia	49%	49%
National Parcel Stations Network Company	Kingdom of Saudi Arabia	33%	-

1.1 Subsidiaries and associates

a) Premier Medical Devices Manufacturing Company

Premier Medical Devices Manufacturing Company is engaged in manufacturing of single-use medical products, consumables, medical examination tables, surgical furniture, beds with mechanical motion additives, medical thermometers, respirators and medical anesthesia.

b) Glanzen

Glanzen is engaged in marketing activities and health care management consulting activities. Refer note 1.1.1 below.

AL DAWAA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**
(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

1. GENERAL INFORMATION (CONTINUED)

1.1 Subsidiaries and associates (continued)

c) Al-Dawaa Medical Services Company FZCO

Al-Dawaa Medical Services Company FZCO is engaged in marketing activities. Refer note 1.1.1 below.

d) Ronzac GmbH

Ronzac GmbH is engaged in granting marketing licenses for pharmaceutical products, consumer goods and food products. Refer note 1.1.1 below.

e) Hollinz

Hollinz is engaged in granting marketing licenses for pharmaceutical products, consumer goods and food products. Refer note 1.1.1 below.

f) Solutions Systems for Logistics Services Company

During the period ended 30 September 2025, the Group's Board of Directors approved the transformation of the branch with Commercial Registration No. 1122101682 into an independent entity, named Solutions System for Logistics Services Company, fully owned by the Group. The necessary regulatory procedures for this conversion have been successfully completed. Solutions System for Logistics Services Company is engaged in providing logistics, storage, custom clearance and waste transportation services.

g) Modawaa and Rieaya Medical Company Limited

During the prior year ended 31 December 2024, the Group in partnership with Mouwasat Medical Services Company established Modawaa and Rieaya Medical Company Limited ("Modawaa") as a limited liability company within Kingdom of Saudi Arabia, against which 49% of equity share (of equivalent amount) will be issued upon completion of legal formalities. Modawaa will be principally engaged in medical clinics activities. The Group has significant influence over Modawaa, classified it as investment in associate and accounted the investment under equity method. Since the investee company had not commenced operations as of 30 September 2025.

h) National Parcel Stations Network Company

During the period ended 30 September 2025, the Group's has acquired 33.33% of the share capital of National Parcel Stations Network Company ("NPSN") a limited liability company within Kingdom of Saudi Arabia. The Group has significant influence over NPSN and has classified the investment as an associate, accounting for it using the equity method. The Company is engaged in providing logistics, storage, custom clearance and waste transportation services.

1.1.1 The Group has accounted for the investment in these subsidiaries at cost and classified as investment in unconsolidated subsidiaries as these subsidiaries have not yet commenced operations. The assets, liabilities and operations of these subsidiaries as of 30 September 2025 and for the year then ended are not material to the Group's consolidated financial statements.

AL DAWAA MEDICAL SERVICES COMPANY
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**
(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (IAS 34) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024 (“Last Annual Consolidated Financial Statements”). However, changes in accounting policies, if any and selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in the Group’s consolidated financial position and performance since the last annual consolidated financial statements.

2.2 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Saudi Riyals (ﷲ) which is the Company’s functional and Group’s presentation currency.

2.3 Basis of preparation

These condensed interim consolidated financial statements are prepared under the historical cost convention, using the accruals basis of accounting, except for certain employees’ benefits which are measured at present value of the defined benefit obligation using the projected unit credit method and equity investments at FVOCI which is measured at fair value.

2.4 Use of judgements and estimates

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2.5 Material accounting policies

The accounting policies applied in these condensed interim consolidated financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2024.

2.6 New standards, amendments and interpretations

There are new standards and number of amendments to standards which are effective from 1 January 2025 and have been explained in Group’s annual consolidated financial statements, but they do not have a material effect on the Group’s condensed interim consolidated financial statements. Further the forthcoming amendments from 1 January 2026 are not expected to have a significant or material impact on the Group’s financial statements when they become effective.

AL DAWAA MEDICAL SERVICES COMPANY
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2025**
(ALL AMOUNTS IN SAUDI RIYALS (ﷲ) UNLESS OTHERWISE STATED)

3. PROPERTY AND EQUIPMENT

	30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
<i>Cost:</i>		
At beginning of the period	2,259,246,075	2,042,086,307
Additions	95,240,554	169,971,950
Transfer from inventories	823,029	5,889,628
Disposals	(1,142,283)	-
Write-off	(7,276,492)	(8,365,496)
At end of the period	2,346,890,883	2,209,582,389
<i>Accumulated depreciation:</i>		
At beginning of the period	1,200,433,323	1,047,225,170
Charge for the period	134,812,594	120,391,571
Disposals	(600,803)	-
Write-off	(6,083,138)	(5,743,932)
At end of the period	1,328,561,976	1,161,872,809
Net book value at end of the period	1,018,328,907	1,047,709,580
 Net book value at the beginning of the period	 1,058,812,752	 994,861,137

4. LEASES

Set out below are the carrying amounts of the Group's right-of-use assets recognised and the movement during the period:

	30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
At the beginning of the period	1,447,646,513	1,475,826,600
Additions	261,689,413	140,753,336
Remeasurements	-	236,649
Modifications	5,837,809	4,632,599
Derecognised due to termination	(21,899,850)	(13,070,265)
Depreciation expense	(166,980,729)	(158,470,616)
At the end of the period	1,526,293,156	1,449,908,303

Set out below are the carrying amounts of the Group's lease liabilities and the movements during the period:

	30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
At beginning of the period	1,479,890,686	1,492,165,558
Additions	261,689,413	140,753,336
Modifications	5,837,809	4,632,599
Remeasurements	-	236,649
Derecognised due to termination	(22,510,995)	(12,289,688)
Finance cost	50,088,206	46,755,525
Payments	(208,097,810)	(187,370,188)
At end of the period	1,566,897,309	1,484,883,791
 Current	 206,709,216	 199,224,509
Non-current	1,360,188,093	1,285,659,282

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5. INVENTORIES

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Finished goods	1,674,784,727	1,486,350,376
Spare parts	2,419,134	950,557
Raw materials	548,739	436,514
	<u>1,677,752,600</u>	<u>1,487,737,447</u>
Less: allowance (note 5.1)	<u>(10,624,850)</u>	<u>(10,624,850)</u>
	<u>1,667,127,750</u>	<u>1,477,112,597</u>

5.1 Movement in allowance during the period is as follows:

	Nine month period ended 30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
At the beginning of the period	(10,624,850)	(10,624,850)
Formed during the period	8,018,111	10,489,402
Written off during the period	(8,018,111)	(10,489,402)
At the end of the period	<u>(10,624,850)</u>	<u>(10,624,850)</u>

6. TRADE RECEIVABLES

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Trade receivables - <i>third parties</i>	659,488,255	755,293,575
- <i>related parties</i>	516,324	400,410
	<u>660,004,579</u>	<u>755,693,985</u>
Less: allowance for impairment on trade receivables (note 6.1)	<u>(7,756,955)</u>	<u>(7,756,955)</u>
	<u>652,247,624</u>	<u>747,937,030</u>

6.1 Movement on allowance for impairment on trade receivables during the period is as follows:

	Nine month period ended 30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
At the beginning and end of the period	<u>(7,756,955)</u>	<u>(7,756,955)</u>

7. DIVIDENDS

On 4 Shaban 1446H (corresponding to 3 February 2025), the Group's Board of Directors approved cash dividend amounting to ﷲ 0.63 per share amounting to ﷲ 53.55 million for the third quarter of 2024, which was distributed on 26 Shaban 1446H (corresponding to 25 February 2025). On 20 Dhul Qadah 1446H (corresponding to 18 May 2025), the Group's Board of Directors approved cash dividend amounting to ﷲ 0.63 per share amounting to ﷲ 53.55 million for the fourth quarter of 2024, which was distributed on 7 Dhul Hijjah 1446H (corresponding to 3 June 2025). On 16 Safar 1447H (corresponding to 10 August 2025), the Group's Board of Directors approved cash dividend amounting to ﷲ 0.63 per share amounting to ﷲ 53.55 million for the first quarter of 2025, which was distributed on 2 Rabi ul Awal 1447H (corresponding to 25 August 2025).

Subsequent to the period end, on 12 Jamadi ul Awwal 1447H (corresponding to 3 November 2025), the Group's Board of Directors approved cash dividend amounting to SR 0.63 per share amounting to SR 53.55 million for the second quarter of 2025.

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8. LOANS AND BORROWINGS

8.1 Term loans

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Current portion	24,166,667	140,416,678
Term loan	24,166,667	140,416,678

8.1.1 Term loans represents Murabaha and Tawaruq loans which were obtained from various local commercial banks and carry financial costs at normal commercial rates. The facilities are secured by promissory notes. These facilities carry borrowing cost at average rate of SIBOR plus 0.75%-1.10% (2024: 0.75% - 1.10%). These loans are repayable in semi-annual and quarterly installments over the period of two years. These facility agreements contain financial covenants which require the Group to maintain certain level of financial ratios. There have been no breaches of financial covenants of these facility agreements for the period ended 30 September 2025.

8.2 Short term borrowings

Short term borrowings represent Murabaha, Tayseer and Tawaruq facilities obtained from various local banks to meet the working capital requirements with a total facility limit of ﷲ 2,325 million (31 December 2024: ﷲ 2,325 million). The net utilized balance as of 30 September 2025 amounted to ﷲ 555 million (31 December 2024: ﷲ 480 million). These facilities carry financial costs in excess of SIBOR and are consistent with the terms of each facility agreement that are secured by promissory notes issued by the Group and carry charges agreed with the facilities' providers. Further, these facility agreements contain financial covenants which require the Group to maintain certain level of financial ratios. As of 30 September 2025, the Group was in compliance with the loan covenants.

9. REVENUE

	Three month period ended		Nine month period ended	
	30 September 2025 (Unaudited)	30 September 2024 (Unaudited)	30 September 2025 (Unaudited)	30 September 2024 (Unaudited)
Type of revenue				
Retail	1,569,184,254	1,541,814,003	4,702,799,463	4,499,148,056
Wholesale and others	133,617,396	92,334,101	350,496,069	254,906,612
	1,702,801,650	1,634,148,104	5,053,295,532	4,754,054,668
Geographic markets				
Kingdom of Saudi Arabia	1,701,992,513	1,633,930,258	5,051,493,549	4,752,591,860
Kingdom of Bahrain	465,257	-	1,415,282	-
Other countries	343,880	217,846	386,701	1,462,808
	1,702,801,650	1,634,148,104	5,053,295,532	4,754,054,668
Timing of revenue recognition				
Revenue recognised at a point in time	1,685,557,684	1,623,813,137	5,007,298,598	4,722,935,028
Revenue recognised over time	17,243,966	10,334,967	45,996,934	31,119,640
	1,702,801,650	1,634,148,104	5,053,295,532	4,754,054,668

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10. ZAKAT

10.1 Charge for the period

The charge for the interim period is calculated based on estimated Zakat charge for the whole year for the Group, which files a combined Zakat return for the Company and its wholly owned subsidiaries.

	Nine month period ended	
	30 September 2025	30 September 2024
	(Unaudited)	(Unaudited)
At the beginning of the period	16,329,587	23,340,828
Provided during the period	7,560,000	11,766,042
Prior year expense	-	4,669,048
Payments made during the period	(9,759,379)	(14,037,586)
At the end of the period	14,130,208	25,738,332

10.2 Status of assessments

Zakat assessments have been agreed and settled with the Zakat, Tax and Customs Authority ("ZATCA") up to 2023. The Group Zakat return for the year 2024 has been filed with ZATCA and assessment has not been raised by the ZATCA till the reporting date.

11. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

The following reflects the profit and share capital data used in the basic and diluted earnings per share computations:

	Three month period ended 30 September		Nine month period ended 30 September	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit attributable to the shareholders of the Group	69,063,992	75,088,439	260,807,025	266,294,629
Weighted average number of ordinary shares for basic and diluted earnings per share	85,000,000	85,000,000	85,000,000	85,000,000
Basic and diluted earnings per share	0.81	0.88	3.07	3.13

There has been no item of dilution affecting the weighted average number of ordinary shares.

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12. SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in providing products or services (a business segment) or in providing products or services within a particular economic environment (a geographic segment), which is subject to risks and rewards that are different from those of other segments.

The Group operates in the Kingdom of Saudi Arabia (KSA) and Kingdom of Bahrain. Its operations in the Kingdom of Bahrain are considered relatively insignificant, and accordingly the Group does not present business sector information at the geographical level as at present more than 90% of the Group's operations are conducted within KSA. Management is of the view that all activities of the Group comprise of a single operating segment for the purpose of decision making with respect to performance appraisal and resources allocation and as required under accounting framework as per established thresholds. Accordingly, segmental analysis by geographical and operating segment has not been presented.

The management has concluded that except for the retail trading, all other lines of businesses are less than 10% of combined revenue, profit or loss and assets of the Group. The Group has considered the overriding core principles of IFRS 8 'Operating segments' as well as its internal reporting framework, management and operating structure. The management's conclusion is that the Group has one operating segment, that of retailing.

13. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of the shareholders, directors, associated companies (representing entities controlled or under the significant influence of the Group's shareholders) and key management personnel. Related parties also include business entities in which certain directors or senior management have an interest. The Group in the normal course of business carries out transactions with various related parties.

The pricing policies and terms of payment of transactions with the related parties are approved by the Group's Board of Directors. The outstanding balances at the period ended 30 September 2025 and the year ended 31 December 2024 are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided to amounts due to related parties.

(a) Following are the major transactions entered into by the Group with its related parties:

Related parties	Nature of transactions	Three month period ended 30 September		Nine month period ended 30 September	
		2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
Meshraf General Contracting Company (controlled by key management personnel)	Construction cost of pharmacies	6,467,498	11,287,465	35,869,570	45,487,069
Classic Travel & Tours Agency (under common ownership of the Group's shareholder)	Tickets and other travel expenses	5,121,014	5,781,301	21,689,398	21,542,420
Digital Business System Company (under common ownership of the Group's shareholder)	IT services provided to the Group	10,139,364	8,291,469	22,934,690	20,502,774
Walaa Cooperative Insurance Company (other related party)*	Insurance services provided to the Group	79,949	118,345	4,246,005	4,707,544
966 Motors Establishment (controlled by key management personnel)	Maintenance services	909,192	962,217	3,975,278	3,404,404
Eastern Province Cement Company (other related party)*	Offices rental for the Group	35,437	336,362	422,533	3,323,417

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13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Following are the major transactions entered into by the Group with its related parties (continued):

Related parties	Nature of transactions	Three month period ended 30 September		Nine month period ended 30 September	
		2025	2024	2025	2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Zahwa Trading Services Company (controlled by key management personnel)	Purchases of inventories	3,228,051	2,678,295	7,485,533	9,023,561
	Logistics services	327,693	-	410,431	-
Modawaa and Rieaya Medical Company Limited (associate)	Investment	4,900,000	-	4,900,000	490,000
National Parcel Stations Network Company (associate)	Investment	-	-	10,000,000	-
Kanaf Charitable Association (controlled by key management personnel)	Donation from pharmacies customers	13,190	8,720	28,676	27,072

(b) Key management personnel compensation:

	Three month period ended 30 September		Nine month period ended 30 September	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term employee benefits	9,683,615	9,273,163	27,064,915	30,482,048
Remuneration and other benefits of the board of directors	899,000	884,000	2,679,000	3,872,000
End of services benefits	275,989	328,243	799,815	2,330,192
	10,858,604	10,485,406	30,543,730	36,684,240

(c) Due from related parties:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Walaa Cooperative Insurance Company*	965,356	-
Zahwa Trading Services Company	178,698	198,505
	1,144,054	198,505

(d) Amounts due from related parties under trade receivables:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Mawarid Trading Limited	516,324	400,410
	516,324	400,410

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13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(e) Due to related parties:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Digital Business System Company	26,065,608	25,349,300
Meshraf General Contracting Company	2,690,625	6,835,012
Walaa Cooperative Insurance Company*	-	2,812,333
Classic Travel and Tours Agency	2,979,654	1,574,540
966 Motors Establishment	289,657	2,096,587
Kanaf Charitable Association	13,137	8,838
Accrued directors' remuneration	2,790,000	3,720,000
	34,828,681	42,396,610

(f) Amounts due to related parties under trade payables:

	30 September 2025 (Unaudited)	31 December 2024 (Audited)
Zahwa Trading Services Company	3,850,286	2,673,514
	3,850,286	2,673,514

*The above tables include certain balances amounting ﷲ 0.97 million due from related parties (31 December 2024: ﷲ 2.81 million for due to related parties) and transactions amounting to ﷲ 4.67 million (30 September 2024: ﷲ 8.03 million) pertaining to entities having common directorships or common key management personnel in accordance with local laws and regulations.

14. FAIR VALUE MEASUREMENT

As of 30 September 2025 and 31 December 2024, all of the Group's financial instruments have been carried at amortized cost and the Group does not hold any financial instruments measured at fair value except investment designated at FVOCI which has been classified in level 1 of fair value hierarchy. The carrying value of the other financial assets and liabilities in the condensed interim consolidated statement of financial position approximates to their fair values.

15. COMMITMENTS

As of 30 September 2025, the capital expenditure contracted by the Group but not incurred till 30 September 2025 was approximately ﷲ 0.2 million (31 December 2024: ﷲ 4.2 million).

The Group's bankers have given letter of guarantees and letter of credits, on behalf of the Group, amounting to ﷲ 16.12 million and ﷲ 181.14 million (31 December 2024: ﷲ 13.3 million and ﷲ 179.3 million), respectively.

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16. CORRESPONDING FIGURES

Certain corresponding figures have been reclassified, wherever considered necessary for better presentation. The following table summaries the impacts on the Group's condensed consolidated statement of profit or loss.

	As previously stated	Effects due to reclassification	As reclassified
Condensed interim consolidated statement of profit or loss for the nine-month period 30 September 2024			
Revenue	4,728,923,465	25,131,203	4,754,054,668
Cost of sales	(3,018,417,483)	(42,154,672)	(3,060,572,155)
Selling and distribution expenses	(1,228,757,000)	17,023,469	(1,211,733,531)
Other expenses	-	2,508,880	2,508,880
Other income	(3,897,666)	(2,508,880)	(6,406,546)
Condensed interim consolidated statement of profit or loss for the three-month period 30 September 2024			
Revenue	1,626,231,243	7,916,861	1,634,148,104
Cost of sales	(1,056,118,584)	(13,591,350)	(1,069,709,934)
Selling and distribution expenses	(426,616,864)	5,674,489	(420,942,375)
Other expenses	-	(1,202,977)	(1,202,977)
Other income	392,299	1,202,977	1,595,276
Condensed interim consolidated statement financial position period ended 31 December 2024			
Long term deposits	-	3,651,358	3,651,358
Prepayments and other current assets	168,815,334	(3,651,358)	165,163,976
Trade receivables	747,536,620	400,410	747,937,030
Amounts due from related parties	598,915	(400,410)	198,505
Trade and other payables	1,204,708,369	2,673,514	1,207,381,883
Amounts due to related parties	45,070,124	(2,673,514)	42,396,610

17. SUBSEQUENT EVENTS

Except as disclosed elsewhere on these condensed interim consolidated financial statements, no significant subsequent event occurred since 30 September 2025 and the date of authorization of these condensed interim consolidated financial statements by the Board of Directors that require either an adjustment or disclosure in these condensed interim consolidated financial statements.