

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
WITH
INDEPENDENT AUDITOR'S REVIEW REPORT**

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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KPMG Professional Services

16th Floor, Al Barghash Tower
 6189 Prince Turki Road, Al Corniche
 P.O. Box 4803
 Al Khobar, 34412 - 3146
 Kingdom of Saudi Arabia
 Commercial Registration No 2051062328

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

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

To the Shareholders of Al Dawaa Medical Services Company

Introduction

We have reviewed the accompanying 31 March 2024 condensed consolidated interim financial statements of **Al Dawaa Medical Services Company** ("the Company") and its subsidiary ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2024;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2024;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2024;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2024;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2024; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim 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 consolidated interim 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 consolidated interim 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 31 March 2024 condensed consolidated interim financial statements of Al Dawaa Medical Services Company and its subsidiary are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") 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. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للوزان وشركاه محاسبون ومراجعون قانونيون". 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. جميع الحقوق محفوظة.

Commercial Registration of the headquarters in Riyadh is 1010425494.



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

To the Shareholders of Al Dawaa Medical Services Company (continued)

Other Matter

The condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2023, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 25 Shawwal 1444H corresponding to 15 May 2023G.

For KPMG Professional Services

Nasser Ahmed Al Shutairy
License no. 454

Al Khobar,
Date: 22 Shawwal 1445H
Corresponding to: 1 May 2024G



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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Assets			
Non-current assets			
Property and equipment	3	1,012,022,318	994,861,137
Right-of-use assets	4	1,486,040,299	1,475,826,600
Intangible assets		19,419,567	21,041,323
Investment in unconsolidated subsidiaries		204,739	204,739
Equity instruments designated at fair value through other comprehensive income (FVOCI)		-	208,797,334
Total non-current assets		2,517,686,923	2,700,731,133
Current assets			
Inventories		1,496,891,005	1,309,662,210
Trade receivables		521,382,055	447,171,699
Prepayments and other current assets		156,777,401	192,737,718
Amounts due from related parties	13(c)	130,067	2,167,957
Right of return assets		693,262	693,262
Equity instruments designated at fair value through other comprehensive income (FVOCI)		102,660,000	-
Cash and cash equivalents	5	63,825,671	54,323,191
Total current assets		2,342,359,461	2,006,756,037
Total assets		4,860,046,384	4,707,487,170
Equity and liabilities			
Equity			
Share capital		850,000,000	850,000,000
Statutory reserve	6	-	59,459,361
Fair value reserve of equity instruments at FVOCI		6,090,000	24,856,826
Retained earnings		442,505,411	378,688,565
Total equity		1,298,595,411	1,313,004,752
Liabilities			
Non-current liabilities			
Lease liabilities	4	1,307,803,097	1,307,680,985
Term loans	8.1	97,500,010	140,416,666
Employees' benefits		169,530,665	150,351,408
Total non-current liabilities		1,574,833,772	1,598,449,059
Current liabilities			
Refund liabilities		43,536,887	31,516,870
Trade and other payables		1,054,802,521	821,512,754
Amounts due to related parties	13(d)	48,787,030	50,932,286
Current portion of lease liabilities	4	187,580,434	184,484,573
Current portion of term loans	8.1	166,666,667	161,666,668
Contract liabilities		23,437,834	22,579,380
Short-term borrowings	8.2	435,000,000	500,000,000
Provision for zakat	10	26,805,828	23,340,828
Total current liabilities		1,986,617,201	1,796,033,359
Total liabilities		3,561,450,973	3,394,482,418
Total equity and liabilities		4,860,046,384	4,707,487,170

Authorised Board of Directors Member
Mr. Ibrahim Salem Alrowais

Chief Executive Officer
Mr. Mohammed Saad Al-Farraj

Chief Financial Officer
Mr. Shareef Al-Aqabawi

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

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	Three month period ended	
		31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Revenue	9	1,516,419,907	1,407,591,523
Cost of revenue		(951,997,288)	(872,615,369)
Gross profit		564,422,619	534,976,154
Selling and distribution expenses		(396,262,990)	(383,405,312)
General and administrative expenses		(35,385,126)	(35,573,806)
Other expense, net		(2,281,054)	(1,171,518)
Operating profit		130,493,449	114,825,518
Finance costs		(31,700,224)	(35,040,486)
Profit before zakat		98,793,225	79,785,032
Zakat expense	10	(3,465,000)	(3,530,000)
Profit for the period		95,328,225	76,255,032
Earnings per share			
Basic and diluted earnings per share attributable to the shareholders of the Group	11	1.12	0.90



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AL DAWAA MEDICAL SERVICES COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Three month period ended	
	31 March	31 March
	2024	2023
	(Unaudited)	(Unaudited)
Profit for the period	95,328,225	76,255,032
Other comprehensive (loss) / income		
<i>Items that will not be reclassified to the consolidated statement of profit or loss in subsequent periods</i>		
Fair value changes in equity investment at FVOCI	(3,487,566)	11,634,529
Total comprehensive income for the period	91,840,659	87,889,561



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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Fair value reserve of equity instruments at FVOCI	Retained earnings	Total
Balance at 1 January 2023 (Audited)	850,000,000	59,459,361	(63,699,474)	249,427,948	1,095,187,835
<i>Total comprehensive income for the period</i>	-	-	-	76,255,032	76,255,032
Profit for the period	-	-	11,634,529	-	11,634,529
Other comprehensive income for the period	-	-	11,634,529	-	-
Total comprehensive income for the period	-	-	11,634,529	76,255,032	87,889,561
<i>Transactions with owners in their capacity as owners</i>					
Dividends	-	-	-	(106,250,000)	(106,250,000)
Balance at 31 March 2023 (Unaudited)	850,000,000	59,459,361	(52,064,945)	219,432,980	1,076,827,396
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>	-	-	-	95,328,225	95,328,225
Profit for the period	-	-	(3,487,566)	-	(3,487,566)
Other comprehensive loss for the period	-	-	(3,487,566)	-	-
Total comprehensive income for the period	-	-	-	95,328,225	91,840,659
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	(15,279,260)	15,279,260	-
Transfer of statutory reserves (note 6)	-	(59,459,361)	-	59,459,361	-
<i>Transactions with owners in their capacity as owners</i>					
Dividends (note 7)	-	-	-	(106,250,000)	(106,250,000)
Balance at 31 March 2024 (Unaudited)	850,000,000	-	6,090,000	442,505,411	1,298,595,411


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AL DAWAA MEDICAL SERVICES COMPANY
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	Three month period ended	
		31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Cash flows from operating activities			
Profit for the year		95,328,225	76,255,032
<u>Adjustments for:</u>			
Depreciation for property and equipment	3	38,371,852	37,198,319
Depreciation for right-of-use assets	4	52,551,289	50,291,059
Amortisation of intangible assets		1,621,756	1,485,697
Loss on derecognition due to termination of leases		575,310	946,648
Short term lease expense		312,092	326,942
Variable lease expense		2,075,619	1,612,367
Write off of property and equipment		1,807,718	1,822,116
Provision for employees' benefits		6,497,398	8,622,369
Loss on disposal of property and equipment		-	573,209
Finance cost		31,700,224	35,040,486
Zakat expense		3,465,000	3,530,000
<u>Changes in:</u>			
Inventories		(187,228,795)	(322,586,984)
Trade receivables		(74,210,356)	(90,892,525)
Prepayments and other current assets		48,014,067	53,417,020
Amounts due from related parties		2,037,890	781,643
Right of return assets		-	387,427
Refund liabilities		12,020,017	7,984,293
Trade and other payables		230,186,009	290,381,257
Amounts due to related parties		(2,145,256)	5,852,381
Contract liabilities		858,454	(2,707,142)
Cash generated from operating activities		263,838,513	160,321,614
Short term lease payments		(312,092)	(326,942)
Variable lease payments		(2,075,619)	(1,612,367)
Settlement for termination of lease contracts		(872,459)	(1,055,750)
Interest paid		(26,483,724)	(33,595,532)
Employees' benefits paid		(1,484,633)	(1,802,902)
Net cash generated from operating activities		232,609,986	121,928,121
Cash flows from investing activities			
Purchase of property and equipment	3	(57,340,751)	(41,700,377)
Proceeds from disposal of property and equipment		-	914,917
Proceeds from disposal of equity instruments designated at FVOCI		102,649,768	-
Net cash generated from / (used) in investing activities		45,309,017	(40,785,460)
Cash flows from financing activities			
Proceeds from short-term borrowings		120,000,000	474,000,000
Repayments of short-term borrowings		(185,000,000)	(630,000,000)
Repayments of long-term loans		(37,916,657)	(26,666,667)
Principal elements of lease payments		(59,249,866)	(46,436,761)
Dividend paid		(106,250,000)	-
Net cash used in financing activities		(268,416,523)	(229,103,428)

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**


	Note	Three month period ended	
		31 March 2024 (Unaudited)	31 March 2023 (Unaudited)
Net increase / (decrease) in cash and cash equivalents		9,502,480	(147,960,767)
Cash and cash equivalents at beginning of period		54,323,191	138,968,953
Cash and cash equivalents at end of period		63,825,671	(8,991,814)
Significant non-cash transactions			
Additions to right-of-use assets and lease liabilities	4	72,431,605	14,365,733
Remeasurements to right-of-use assets and lease liabilities	4	(1,281,037)	5,636,915
Derecognised of right-of-use assets due to lease termination	4	(8,385,580)	(20,505,697)
Derecognised of lease liabilities due to lease termination	4	(8,682,729)	(20,614,799)
Fair value (loss) / gain on equity instruments designated at FVOCI		(3,487,566)	11,634,529
Transfer of fair value reserve of equity instruments designated at FVOCI		15,279,260	-



Authorised Board of Directors Member
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Mr. Shareef Al-Aqabawi

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

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(ALL AMOUNTS IN SAUDI RIYALS 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) 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 consolidated interim financial statements were approved and signed for issuance by the Board of Directors on 20 Shawwal 1445H corresponding to 29 April 2024G.

The Company has investment in the following subsidiaries:

Name	Country of incorporation	Equity interest %	
		31 March 2024	31 December 2023
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%

1.1 Subsidiaries

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
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

1. GENERAL INFORMATION (CONTINUED)

1.1 Subsidiaries (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.

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 31 March 2024 and for the year then ended are not material to the Group's consolidated financial statements.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed consolidated interim 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 consolidated interim 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 2023 ("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 consolidated interim financial statements are presented in Saudi Riyals (SR) which is the Company's functional and Group's presentation currency.

**AL DAWAA MEDICAL SERVICES COMPANY
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.3 Basis of preparation

These 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 consolidated interim financial statements, management has made judgments 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.

Except for the disclosed in note 3 on these condensed consolidated interim financial statements, the significant judgments 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 consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2023.

2.6 New standards, amendments and interpretations

New and revised standards with no material effect on the condensed consolidated interim financial statements:

The following revised IFRSs have been adopted. The application of these revised IFRSs did not have any material impact on the amounts reported for current and prior periods.

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16) effective for annual periods beginning on or after 1 January 2024.
- Non-current Liabilities with Covenants (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.
- Supplier finance arrangements (Amendments to IAS 7 and IFRS 7), effective for annual periods beginning on or after 1 January 2024.

However, these amendments did not have an impact on the condensed consolidated interim financial statement of the Group.

New and revised standards issued but not yet effective:

The amendments to existing standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these amendments to existing standards, if applicable, when they become effective:

- Lack of exchangeability (Amendments to IAS 21), effective for annual periods beginning on or after 1 January 2025.

AL DAWAA MEDICAL SERVICES COMPANY
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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.6 New standards, amendments and interpretations (continued)

New and revised standards issued but not yet effective: (continued)

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

The above-mentioned standards are not expected to have a significant impact on the condensed consolidated interim financial statements of the Group.

3. PROPERTY AND EQUIPMENT

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
<i>Cost:</i>		
At beginning of the period / year	2,042,086,307	1,867,326,123
Additions	57,340,751	216,847,332
Disposals	-	(10,221,207)
Transfer to inventories	-	(110,000)
Write-off	(5,754,869)	(31,755,941)
At end of the period / year	2,093,672,189	2,042,086,307
<i>Accumulated depreciation:</i>		
At beginning of the period / year	1,047,225,170	925,561,128
Charge for the period / year	38,371,852	156,140,930
Disposals	-	(8,505,856)
Write-off	(3,947,151)	(25,971,032)
At end of the period / year	1,081,649,871	1,047,225,170
Net book value at end of the period / year	1,012,022,318	994,861,137

3.1 During the period, the Group has, in assistance with accredited valuers, concluded on the results of a detailed exercise to re-assess the useful lives and residual value of vehicles, considering multiple factors including historical and future anticipated usage and realizable value of similar assets. Based on such exercise, the Group's management revised the useful life range of vehicles from 5 years to 5 - 15 years and residual value to reach 25% of initial cost, with effect from 1 January 2024. The revisions in estimated residual value and useful life range are considered to be a change in accounting estimate and, accordingly, the effects of these changes have been adopted prospectively. As a result of these changes, the depreciation charge has decreased by SR 2.4 million and total consolidated comprehensive income for the period ended 31 March 2024 increased by SR 2.4 million compared to what it would have been used in the previous residual value and useful life range. Assuming the assets are held until the end of their useful lives, depreciation for the year ended 31 December 2024 in relation to these assets will be decreased by SR 9.5 million.

4. LEASES

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period / year	1,475,826,600	1,586,284,268
Additions	72,431,605	119,430,225
Remeasurements	(1,281,037)	(6,384,945)
Modifications	-	5,651,517
Derecognised due to termination	(8,385,580)	(27,079,400)
Depreciation expense	(52,551,289)	(202,075,065)
At the end of the period / year	1,486,040,299	1,475,826,600

AL DAWAA MEDICAL SERVICES COMPANY
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4. LEASES (CONTINUED)

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

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At beginning of the period / year	1,492,165,558	1,577,270,581
Additions	72,431,605	119,430,225
Modifications	-	5,651,517
Remeasurements	(1,281,037)	(6,384,945)
Derecognised due to termination	(8,682,729)	(27,430,153)
Finance cost	15,066,962	58,766,489
Payments	(74,316,828)	(235,138,156)
At end of the period / year	1,495,383,531	1,492,165,558
Current	187,580,434	184,484,573
Non-current	1,307,803,097	1,307,680,985

5. CASH AND CASH EQUIVALENTS

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cash in hand	7,346,775	6,576,383
Cash at bank	56,478,896	47,746,808
	63,825,671	54,323,191

6. STATUTORY RESERVE

During the period, the Company has amended its By-laws in accordance to the update in the Regulations for Companies in the Kingdom of Saudi Arabia under which the mandatory statutory reserve requirement has been abolished. Accordingly, management has transferred statutory reserve to retained earnings.

7. DIVIDENDS

On 19 Jumada Al-Akhirah 1445H (corresponding to 1 January 2024), the Group's Board of Directors have approved cash dividend amounting to SR 1.25 per share amounting to SR 106.25 million for the second half of the year ended 31 December 2023, which was distributed on 15 Shaban 1445H (corresponding to 25 February 2024).

8. LOANS AND BORROWINGS

8.1 Term loans

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Term loans	264,166,677	302,083,334
Less: current portion	(166,666,667)	(161,666,668)
Non-current portion	97,500,010	140,416,666

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%. 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 31 March 2024.

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8. LOANS AND BORROWINGS (CONTINUED)

8.2 Short term borrowings

Short term borrowings represent Murabaha, Tayseer and Tawarooq facilities obtained from various local banks to meet the working capital requirements with a total facility limit of SR 2,325 million (2023: SR 2,325 million). The net utilized balance as of 31 March 2024 amounted to SR 435 million (2023: SR 500 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 31 March 2024, the Group was in compliance with the loan covenants.

9. REVENUE

	Three month period ended	
	31 March 2024	31 March 2023
	(Unaudited)	(Unaudited)
Type of revenue		
Retail	1,441,983,577	1,341,184,242
Wholesale and others	74,436,330	66,407,281
	1,516,419,907	1,407,591,523
Geographic markets		
Kingdom of Saudi Arabia	1,516,419,907	1,407,591,523
Timing of revenue recognition		
Revenue recognised at a point in time	1,505,526,042	1,407,591,523
Revenue recognised over time	10,893,865	-
	1,516,419,907	1,407,591,523

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 subsidiary.

10.2 Movement of provision for zakat

	31 March	31 December
	2024	2023
	(Unaudited)	(Audited)
At the beginning of the period / year	23,340,828	18,958,328
Provided during the period / year	3,465,000	13,180,400
Payments during the period / year	-	(8,797,900)
At the end of the period / year	26,805,828	23,340,828

10.3 Status of assessments

Zakat assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") up to 2016. The Group's zakat returns for the years 2017 to 2023 has been filed with the ZATCA. However, the assessments have not yet been raised by the ZATCA.

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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 31 March	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to the shareholders of the Group	95,328,225	76,255,032
Weighted average number of ordinary shares for basic and diluted earnings per share	85,000,000	85,000,000
Basic and diluted earnings per share	1.12	0.90

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

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.

For management purposes, the Group is organised into business units based on its products and services and has following two reportable segments:

- Retail: this segment includes the sale of goods to customers commonly at the store checkout for the sales via the Group's pharmacies.
- Wholesale and others: this segment includes sale of goods to the wholesale customers and provision of transportation services.

The Board of directors is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group's financing (including finance costs) and zakat are managed on a Group basis and are not allocated to operating segments.

The information for each operating segment for the periods ended 31 March 2024 and 31 March 2023 is as follows:

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12. SEGMENT INFORMATION (CONTINUED)

	Retail	Wholesale and others	Total
<i>31 March 2024 (Unaudited)</i>			
Revenue	1,441,983,577	74,436,330	1,516,419,907
Cost of revenue	<u>(905,968,172)</u>	<u>(46,029,116)</u>	<u>(951,997,288)</u>
Gross profit	536,015,405	28,407,214	564,422,619
Depreciation and amortization	(90,624,236)	(1,908,611)	(92,532,847)
Other operating expenses	(332,120,573)	(6,994,696)	(339,115,269)
Other expenses, net	<u>(2,234,004)</u>	<u>(47,050)</u>	<u>(2,281,054)</u>
Operating profit	111,036,592	19,456,857	130,493,449
<i>Unallocated expenses:</i>			
Finance cost			(31,700,224)
Zakat			<u>(3,465,000)</u>
Profit for the period			95,328,225
Total assets	4,689,944,761	170,101,623	4,860,046,384
Total liabilities	3,436,800,189	124,650,784	3,561,450,973
<i>31 March 2023 (Unaudited)</i>			
Revenue	1,341,184,242	66,407,281	1,407,591,523
Cost of revenue	<u>(823,592,754)</u>	<u>(49,022,615)</u>	<u>(872,615,369)</u>
Gross profit	517,591,488	17,384,666	534,976,154
Depreciation and amortization	(84,168,566)	(4,820,322)	(88,988,888)
Other operating expenses	(326,255,666)	(3,734,564)	(329,990,230)
Other expenses, net	<u>(1,108,060)</u>	<u>(63,458)</u>	<u>(1,171,518)</u>
Operating profit	106,059,196	8,766,322	114,825,518
<i>Unallocated expenses:</i>			
Finance cost			(35,040,486)
Zakat			<u>(3,530,000)</u>
Profit for the period			76,255,032
Total assets	4,542,725,119	164,762,051	4,707,487,170
Total liabilities	3,275,675,533	118,806,885	3,394,482,418

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.

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13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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 31 March 2024 and the year ended 31 December 2023 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 31 March	
		2024 (Unaudited)	2023 (Unaudited)
Meshraf General Contracting Company (controlled by key management personnel)	Construction cost of pharmacies	18,518,756	29,815,845
Classic Travel & Tours Agency (under common ownership of the Group's shareholder)	Tickets and other travel expenses	8,797,218	7,534,392
Digital Business System Company (under common ownership of the Group's shareholder)	IT services provided to the Group	4,937,540	6,829,682
Walaa Cooperative Insurance Company (other related party)	Insurance services provided to the Group	3,928,136	5,338,235
966 Motors Establishment (controlled by key management personnel)	Maintenance services	1,272,893	1,772,957
Eastern Province Cement Company (other related party)	Offices rental for the Group	2,880,999	1,176,840
Zahwa Trading Services Company (controlled by key management personnel)	Purchases of inventories	2,699,627	468,398
Kanaf Charitable Association (controlled by key management personnel)	Donation from pharmacies customers	8,964	12,270

(b) Key management personnel compensation:

	Three month period ended 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Short-term employee benefits	7,779,000	6,759,563
End of services benefits	311,775	264,862
	8,090,775	7,024,425

(c) Due from related parties:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Mawarid Trading Limited	130,067	130,067
Eastern Province Cement Company	-	2,037,890
	130,067	2,167,957

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13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Due to related parties:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Digital Business System Company	21,039,338	21,674,929
Meshraf General Contracting Company	16,086,034	20,195,624
Walaa Cooperative Insurance Company	2,746,847	2,189,400
Zahwa Trading Services Company	2,225,783	2,490,763
Classic Travel & Tours Agency	1,951,735	905,603
Eastern Province Cement Company	759,691	-
966 Motors Establishment	578,697	1,008,020
Kanaf Charitable Association	8,905	7,947
Accrued directors' remuneration	3,390,000	2,460,000
	48,787,030	50,932,286

14. FAIR VALUE MEASUREMENT

As of 31 March 2024 and 31 December 2023, 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 consolidated statement of financial position approximates to their fair values.

15. COMMITMENTS

As of 31 March 2024, the capital expenditure contracted by the Group but not incurred till 31 March 2024 was approximately SR 223 million (2023: SR 271.6 million).

16. CORRESPONDING FIGURES

Certain corresponding figures have been rearranged and reclassified, wherever considered necessary for better presentation, the effect of which is not material. The following table summarise the impacts on the Group's condensed consolidated statement of profit or loss.

	As previously stated	Effects due to reclassification	As restated
Consolidated statement of profit or loss for the period 31 March 2023			
Selling and distribution expenses	(384,437,979)	1,032,667	(383,405,312)
General and administrative expenses	(35,574,077)	271	(35,573,806)
Other expense, net	(138,580)	(1,032,938)	(1,171,518)
Net cash generated from operating activities	122,983,871	(1,055,750)	121,928,121
Net cash generated from financing activities	(230,159,178)	1,055,750	(229,103,428)

17. SUBSEQUENT EVENTS

No significant subsequent event occurred between 31 March 2024 and the date of authorization of these condensed consolidated interim financial statements by the Board, that may have material impact on these condensed consolidated interim financial statements.