

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023  
WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023**

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## KPMG Professional Services

16<sup>th</sup> Floor, Al Barghash Tower  
6189 Prince Turki Road, Al Kurnash  
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  
الخبير ٣٤٤١٢ - ٣١٤٦  
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 30 June 2023 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 profit or loss for the three month and six month periods ended 30 June 2023;
- the condensed consolidated statement of comprehensive income for the three month and six month periods ended 30 June 2023;
- the condensed consolidated statement of financial position as at 30 June 2023;
- the condensed consolidated statement of changes in equity for the six month period ended 30 June 2023;
- the condensed consolidated statement of cash flows for the six month period ended 30 June 2023; 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 30 June 2023 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 الفوزان 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 إنجليزية 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 and six month periods ended 30 June 2022, and 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 Muharram 1444H corresponding to 23 August 2022G and 25 Shawwal 1444H corresponding to 15 May 2023 respectively.

The consolidated financial statements of the Group as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 1 Ramadan 1444H corresponding to 23 March 2023G.

## For KPMG Professional Services

**Nasser Ahmed Al Shutairy**  
License no. 454



Al Khobar,  
Date: 15 Muharram 1445H  
Corresponding to: 2 August 2023G

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023**  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	Three month period ended		Six month period ended	
		30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
Revenue	3	1,436,739,023	1,310,191,296	2,844,330,546	2,605,012,303
Cost of revenue		(911,096,862)	(803,401,872)	(1,783,712,231)	(1,604,047,624)
<b>Gross profit</b>		<b>525,642,161</b>	<b>506,789,424</b>	<b>1,060,618,315</b>	<b>1,000,964,679</b>
Selling and distribution expenses		(377,465,207)	(381,787,833)	(761,903,186)	(773,260,274)
General and administrative expenses		(26,136,087)	(34,449,097)	(61,710,164)	(66,437,907)
<b>Operating profit</b>		<b>122,040,867</b>	<b>90,552,494</b>	<b>237,004,965</b>	<b>161,266,498</b>
Fair value gain on swap derivatives		-	14,465,040	-	52,604,365
Finance costs		(28,149,452)	(25,622,242)	(63,189,938)	(49,670,164)
Other (expense) / income, net		(297,864)	3,276,370	(436,444)	7,580,373
<b>Profit before zakat</b>		<b>93,593,551</b>	<b>82,671,662</b>	<b>173,378,583</b>	<b>171,781,072</b>
Zakat expense	4	(4,260,000)	(2,000,000)	(7,790,000)	(4,000,000)
<b>Profit for the period</b>		<b>89,333,551</b>	<b>80,671,662</b>	<b>165,588,583</b>	<b>167,781,072</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share	5	1.05	0.95	1.95	1.97



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 15 form an integral part of this condensed consolidated interim financial statements.

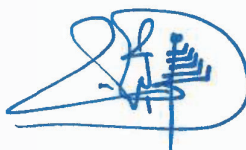
**AL DAWAA MEDICAL SERVICES COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2023**  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<b>Three month period ended</b>		<b>Six month period ended</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>89,333,551</b>	<b>80,671,662</b>	<b>165,588,583</b>	<b>167,781,072</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>				
Equity instruments at FVOCI – net change in fair value	<b>86,830,205</b>	<b>(66,228,251)</b>	<b>98,464,734</b>	<b>(70,941,916)</b>
<b>Total comprehensive income for the period</b>	<b>176,163,756</b>	<b>14,443,411</b>	<b>264,053,317</b>	<b>96,839,156</b>



Authorised Board of Directors Member  
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Chief Executive Officer  
Mr. Mohammed Saad Al-Farraj



Chief Financial Officer  
Mr. Shareef Al-Aqabawi

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<b>Note</b>	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	6	947,356,454	941,764,995
Right-of-use assets	7	1,508,705,322	1,586,284,268
Intangible assets		16,896,176	19,804,185
Investment in unconsolidated subsidiaries		204,739	204,739
Equity instruments designated at FVOCI		260,690,769	162,226,035
<b>Total non-current assets</b>		<b>2,733,853,460</b>	<b>2,710,284,222</b>
<b>Current assets</b>			
Inventories		1,314,959,026	1,081,511,991
Trade and other receivables		595,121,282	564,315,049
Amounts due from related parties	12(c)	97,362	879,005
Right of return assets		425,098	814,132
Cash and cash equivalents	8	89,188,446	138,968,953
<b>Total current assets</b>		<b>1,999,791,214</b>	<b>1,786,489,130</b>
<b>Total assets</b>		<b>4,733,644,674</b>	<b>4,496,773,352</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		850,000,000	850,000,000
Statutory reserve		59,459,361	59,459,361
Fair value reserve of equity instruments at FVOCI		34,765,260	(63,699,474)
Retained earnings		308,766,531	249,427,948
<b>Total equity</b>		<b>1,252,991,152</b>	<b>1,095,187,835</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	7	1,285,022,640	1,374,164,408
Term loans	10.1	193,749,998	277,083,332
Employees' defined benefit obligations		145,381,610	132,058,361
<b>Total non-current liabilities</b>		<b>1,624,154,248</b>	<b>1,783,306,101</b>
<b>Current liabilities</b>			
Refund liabilities		30,540,333	16,723,875
Trade and other payables		772,065,605	534,119,445
Amounts due to related parties	12(d)	58,537,747	40,927,390
Current portion of lease liabilities	7	228,321,684	203,106,173
Current portion of term loans	10.1	164,583,335	122,916,668
Contract liabilities		30,112,952	26,527,537
Short-term borrowings	10.2	554,000,000	655,000,000
Provision for zakat	4	17,950,428	18,958,328
Dividends payable		387,190	-
<b>Total current liabilities</b>		<b>1,856,499,274</b>	<b>1,618,279,416</b>
<b>Total liabilities</b>		<b>3,480,653,522</b>	<b>3,401,585,517</b>
<b>Total equity and liabilities</b>		<b>4,733,644,674</b>	<b>4,496,773,352</b>



Authorised Board of Directors Member  
Mr. Ibrahim Salem Alrowais



Chief Executive Officer  
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Mr. Shareef Al-Aqabawi


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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023**  
(ALL AMOUNTS IN SAUDI RYALS UNLESS OTHERWISE STATED)

	Share capital	Statutory reserve	Fair value reserve of equity instruments at FVOCI	Retained earnings	Total
At 1 January 2022 (Audited)	850,000,000	28,914,498	39,113,621	71,157,762	989,185,881
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	167,781,072	167,781,072
Other comprehensive loss for the period	-	-	(70,941,916)	-	(70,941,916)
Total comprehensive income for the period	-	-	(70,941,916)	167,781,072	96,839,156
At 30 June 2022 (Unaudited)	850,000,000	28,914,498	(31,828,295)	238,938,834	1,086,025,037
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>					
Profit for the period	-	-	-	165,588,583	165,588,583
Other comprehensive income for the period	-	-	98,464,734	-	98,464,734
Total comprehensive income for the period	-	-	98,464,734	165,588,583	264,053,317
Dividends (note 9)				(106,250,000)	(106,250,000)
At 30 June 2023 (Unaudited)	850,000,000	59,459,361	34,765,260	308,766,531	1,252,991,152

  
Authorised Board of Directors Member  
Mr. Ibrahim Salem Alrowais

  
Chief Executive Officer  
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The accompanying notes from 1 to 15 form an integral part of this condensed consolidated interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023**

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	Six month period ended	
		30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before zakat		173,378,583	171,781,072
<u>Adjustments for:</u>			
Depreciation for property and equipment	6	75,546,123	77,943,052
Depreciation for right-of-use assets	7	104,757,681	107,115,010
Amortisation of intangible assets		2,908,009	2,991,327
Gain on derecognition due to termination of leases		(419,995)	(2,358,580)
Write off of property and equipment		2,390,275	2,915,281
Provision for employees' defined benefit liabilities		13,542,114	14,039,920
Gain on disposal of property and equipment		(1,206,668)	-
Finance cost		63,189,938	49,670,164
Fair value gain on swap derivatives liabilities		-	(52,604,365)
<u>Changes in:</u>			
Inventories		(233,447,035)	(69,014,183)
Trade and other receivables		(30,806,233)	100,733,488
Amounts due from related parties		781,643	-
Right of return assets		389,034	582,470
Refund liabilities		13,816,458	(872,421)
Trade and other payables		236,903,953	(33,928,434)
Amounts due to related parties		17,610,357	(33,925,078)
Contract liabilities		3,585,415	(2,304,972)
<b>Cash generated from operating activities</b>		<b>442,919,652</b>	<b>332,763,751</b>
Finance costs paid		(58,861,865)	(47,906,817)
Employees' defined benefit obligation paid		(3,504,383)	(9,073,548)
Zakat paid	4	(8,797,900)	(7,453,528)
<b>Net cash generated from operating activities</b>		<b>371,755,504</b>	<b>268,329,858</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	6	(85,140,009)	(167,876,034)
Proceeds from disposal of property and equipment		2,818,820	-
Additions to intangible assets		-	(1,454,888)
<b>Net cash used in investing activities</b>		<b>(82,321,189)</b>	<b>(169,330,922)</b>
<b>Cash flows from financing activities</b>			
(Repayment) / proceeds of short-term borrowings		(101,000,000)	30,250,000
Repayment of long-term borrowings		(41,666,667)	-
Principal elements of lease payments		(90,685,345)	(104,341,394)
Settlement for closure of certain lease contracts of branches		-	(151,800)
Dividend paid		(105,862,810)	-
<b>Net cash used in financing activities</b>		<b>(339,214,822)</b>	<b>(74,243,194)</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

	Note	Six month period ended	
		30 June 2023 (Unaudited)	30 June 2022 (Unaudited)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(49,780,507)</b>	<b>24,755,742</b>
Cash and cash equivalents at beginning of period		<b>138,968,953</b>	<b>(9,670,857)</b>
<b>Cash and cash equivalents at end of period</b>		<b>89,188,446</b>	<b>15,084,885</b>
<b>Significant non-cash transactions</b>			
Additions to right-of-use assets and lease liabilities	7	<b>34,659,256</b>	<b>119,793,158</b>
Remeasurements to right-of-use assets and lease liabilities	7	<b>9,981,664</b>	<b>805,920,181</b>
Derecognised of right-of-use assets due to termination	7	<b>(17,462,185)</b>	<b>(19,430,604)</b>
Derecognised of lease liabilities due to termination	7	<b>(17,882,180)</b>	<b>(21,940,984)</b>
Interest cost on lease liabilities	7	<b>29,100,770</b>	<b>16,260,204</b>
Fair value gain on swap derivatives liabilities		<b>-</b>	<b>52,604,365</b>
Fair value gain / (loss) on equity instruments designated at FVOCI		<b>98,464,734</b>	<b>(70,941,916)</b>
Transfer from inventories to property and equipment		<b>-</b>	<b>2,952,576</b>



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 15 form an integral part of this 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 AND SIX MONTH PERIODS ENDED 30 JUNE 2023  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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**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 2001) 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 providing marketing services on behalf of third parties in relation to its business.

These condensed consolidated interim financial statements were approved and signed for issuance by the Board of Directors on 14 Muharram 1445H corresponding to 1 August 2023G.

The Group has investment in the following subsidiaries:

Name	Country of incorporation	Equity interest %	
		30 June 2023	31 December 2022
Premier Medical Devices Manufacturing Company	Kingdom of Saudi Arabia	100%	100%
Glanzzenn	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. It is part of the consolidation for the period ended 30 June 2023 and included in these interim condensed consolidated financial statements.

**b) Glanzzenn**

Glanzzenn 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 AND SIX MONTH PERIODS ENDED 30 JUNE 2023  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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**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 30 June 2023 and for the period then ended are not material to the Group's interim condensed 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 2022 ("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 AND SIX MONTH PERIODS ENDED 30 JUNE 2023  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

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**2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)**

**2.3 Basis of preparation**

These condensed consolidated interim financial statements are prepared under the historical cost convention, using the accrual 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 investment designated 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.

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 Significant accounting policies**

The accounting policies applied in these condensed 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 2022.

**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.

- IFRS 17 Insurance contracts (Amendments to IFRS 17), effective for annual periods beginning on or after 1 January 2023.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2), effective for annual periods beginning on or after 1 January 2023.
- Definition of Accounting Estimate (Amendments to IAS 8), effective for annual periods beginning on or after 1 January 2023.
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes, effective for annual periods beginning on or after 1 January 2023.
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17), effective for annual periods beginning on or after 1 January 2023.

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:

- Classification of liabilities as current or non-current (Amendments to IAS 1), effective for annual periods beginning on or after 1 January 2024.

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**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)*

- 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.
- 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. REVENUE**

	<b>Three month period ended</b>		<b>Six month period ended</b>	
	<b>30 June 2023</b>	<b>30 June 2022</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Type of revenue</b>				
Retail	1,366,977,174	1,276,948,742	2,708,161,416	2,537,514,908
Wholesale	69,761,849	33,242,554	136,169,130	67,497,395
	<b>1,436,739,023</b>	<b>1,310,191,296</b>	<b>2,844,330,546</b>	<b>2,605,012,303</b>
<b>Geographic markets</b>				
Kingdom of Saudi Arabia	<b>1,436,739,023</b>	<b>1,310,191,296</b>	<b>2,844,330,546</b>	<b>2,605,012,303</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	1,432,432,924	1,296,701,330	2,827,218,014	2,577,049,600
Goods transferred over time	4,306,099	13,489,966	17,112,532	27,962,703
	<b>1,436,739,023</b>	<b>1,310,191,296</b>	<b>2,844,330,546</b>	<b>2,605,012,303</b>

**4. ZAKAT**

**4.1 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 starting from the year 2022.

**4.2 Movement of provision for zakat**

	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
At the beginning of the period / year	18,958,328	13,990,924
Provided during the period / year	7,790,000	12,420,932
Payments during the period / year	(8,797,900)	(7,453,528)
At the end of the period / year	<b>17,950,428</b>	<b>18,958,328</b>

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**4. ZAKAT (CONTINUED)**

**4.3 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 2022 has been filed with the ZATCA. However, the assessments have not yet been raised by the ZATCA.

**5. 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:

	<b>Three month period ended 30 June</b>		<b>Six month period ended 30 June</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit attributable to the shareholders of the Group	<b>89,333,551</b>	80,671,662	<b>165,588,583</b>	167,781,072
Weighted average number of ordinary shares for basic and diluted earnings per share	<b>85,000,000</b>	85,000,000	<b>85,000,000</b>	85,000,000
<b>Basic and diluted earnings per share</b>	<b>1.05</b>	0.95	<b>1.95</b>	1.97

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

**6. PROPERTY AND EQUIPMENT**

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Cost:</b>		
At beginning of the period / year	<b>1,867,326,123</b>	1,723,002,451
Additions	<b>85,140,009</b>	283,028,956
Disposals	<b>(8,900,968)</b>	(15,629,123)
Transfer to inventories	-	(2,952,576)
Write-off	<b>(18,342,572)</b>	(120,123,585)
<b>At end of the period / year</b>	<b>1,925,222,592</b>	1,867,326,123
<b>Accumulated depreciation:</b>		
At beginning of the period / year	<b>925,561,128</b>	899,606,053
Charge for the period	<b>75,546,123</b>	152,046,757
Disposals	<b>(7,288,816)</b>	(13,803,973)
Write-off	<b>(15,952,297)</b>	(112,287,709)
<b>At end of the period / year</b>	<b>977,866,138</b>	925,561,128
<b>Net book value at end of the period / year</b>	<b>947,356,454</b>	941,764,995

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**7. LEASES**

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

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
At beginning of the period / year	1,586,284,268	1,046,053,673
Additions	34,659,256	154,159,953
Remeasurements	9,981,664	657,028,937
Derecognised due to termination	(17,462,185)	(74,204,828)
Depreciation expense	(104,757,681)	(196,753,467)
At end of the period / year	<u>1,508,705,322</u>	<u>1,586,284,268</u>

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

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
At beginning of the period / year	1,577,270,581	1,039,121,922
Additions	34,659,256	154,159,953
Remeasurements	9,981,664	657,028,937
Derecognised due to termination	(17,882,180)	(77,733,610)
Accretion of interest	29,100,770	48,687,489
Payments	(119,785,767)	(243,994,110)
At end of the period / year	<u>1,513,344,324</u>	<u>1,577,270,581</u>
Current	<u>228,321,684</u>	<u>203,106,173</u>
Non-current	<u>1,285,022,640</u>	<u>1,374,164,408</u>

**8. CASH AND CASH EQUIVALENTS**

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Cash in hand	17,224,066	9,853,019
Cash at bank	71,964,380	129,115,934
	<u>89,188,446</u>	<u>138,968,953</u>

**9. DIVIDENDS**

The Group's Board of Directors, at their meeting held on 21 March 2023, have proposed cash dividends of SR 1.25 per share amounting to SR 106.25 million, for the year ended 31 December 2022, which was approved in the annual general meeting held on 6 June 2023.

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**10. LOANS AND BORROWINGS**

**10.1 Term loans**

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Term loans	<b>358,333,333</b>	400,000,000
Less: current portion	<b>(164,583,335)</b>	(122,916,668)
Non-current portion	<b>193,749,998</b>	277,083,332

**10.1.1** As at 30 June 2023 and 31 December 2022 term loans represents Murabaha and Tawarooq, loans which were obtained from various local commercial banks and carry financial costs based on prevailing market rates that are based on SIBOR plus an applicable margin. The facilities are secured by promissory notes and order notes. These facilities carry borrowing cost at average rate of SIBOR plus 1%. These loans are repayable in semi-annual and quarterly installments over the period of three years. These facility agreements have certain financial covenants require the Group to maintain certain level of financial ratios. As of 30 June 2023, the Group was in compliance with the loan covenants.

**10.2 Short term borrowings**

The bank overdrafts, Tawarooq, Murabaha and Tayseer short-term loans amounting SR 554 million (31 December 2022: SR 655 million) which are repayable within 12 months were obtained from various local commercial banks to meet the working capital requirements and are secured by promissory notes and by joint and several personal guarantees of the shareholders for certain facilities with a local commercial bank. These facilities carry borrowing cost at average rate of SIBOR plus 1%. These facility agreements contain financial covenants which require the Group to maintain certain level of financial ratios.

**11. 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: this segment includes sale of goods to the wholesale customers.

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 other income) 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 30 June 2023 and 30 June 2022 is as follows:

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**11. SEGMENT INFORMATION (CONTINUED)**

	<b>Retail</b>	<b>Wholesale</b>	<b>Total</b>
<i>30 June 2023 (Unaudited)</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	2,708,161,416	136,169,130	2,844,330,546
Cost of revenue	(1,678,750,058)	(104,962,173)	(1,783,712,231)
Gross profit	1,029,411,358	31,206,957	1,060,618,315
Operating profit	227,749,743	9,255,222	237,004,965
<i>Unallocated income / (expenses)</i>			
Finance cost			(63,189,938)
Other expenses, net			(436,444)
Zakat			(7,790,000)
<b>Profit for the period</b>			<b>165,588,583</b>
<b>Total assets</b>	<b>4,567,967,111</b>	<b>165,677,563</b>	<b>4,733,644,674</b>
<b>Liabilities</b>			
Allocated liabilities	2,478,428,983	89,891,206	2,568,320,189
<i>Unallocated liabilities</i>			
Term loans			358,333,333
Short-term borrowings			554,000,000
<b>Total liabilities</b>			<b>3,480,653,522</b>
<i>30 June 2022 (Unaudited)</i>			
Revenue	2,528,920,256	76,092,047	2,605,012,303
Cost of revenue	(1,559,478,937)	(44,568,687)	(1,604,047,624)
Gross profit	969,441,319	31,523,360	1,000,964,679
Operating profit	156,210,268	5,056,230	161,266,498
<i>Unallocated income / (expenses)</i>			
Fair value gain on swap derivatives liabilities			52,604,365
Finance cost			(49,670,164)
Other income, net			7,580,373
Zakat			(4,000,000)
<b>Profit for the period</b>			<b>167,781,072</b>
<b>Total assets</b>	<b>4,654,189,114</b>	<b>168,804,786</b>	<b>4,822,993,900</b>
<b>Liabilities</b>			
Allocated liabilities	2,476,274,192	89,813,054	2,566,087,246
<i>Unallocated liabilities</i>			
Short-term borrowings			1,170,881,617
<b>Total liabilities</b>			<b>3,736,968,863</b>

**12. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties comprise 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 (other related parties). The Group in the normal course of business carries out transactions with various related parties.

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**12. 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 30 June 2023 and the year ended 31 December 2022 are unsecured, interest free and settlement occurs in cash. For the six month period ended 30 June 2023 and the year ended 31 December 2022, the Group has not recorded any impairment of receivable relates to amounts owed by related party.

(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 June		Six month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Meshraf General Contracting Company (affiliate)	Construction cost of pharmacies	22,991,391	56,664,913	52,807,236	84,631,699
Classic Travel & Tours Agency (common directorship)	Tickets and other travel expenses	9,171,024	8,549,987	16,705,416	15,260,926
Digital Business System Company (affiliate)	IT services provided to the Group	7,282,136	22,258,615	14,111,817	32,567,532
Walaa Cooperative Insurance Company (common directorship)	Insurance services provided to the Group	1,808,184	-	7,146,419	-
966 Motors Establishment (affiliate)	Payments on behalf of the Group	1,458,799	-	3,231,757	-
Eastern Province Cement Company (common directorship)	Offices rental for the Group	-	-	1,176,840	-
Zahwa Trading Services Company (affiliate)	Purchases of inventories	-	-	468,398	-
Kanaf Charitable Association (common directorship)	Donation from pharmacies customers	11,962	-	24,233	-
Mawarid Trading Limited (common directorship)	Purchases of inventories	-	50,846	-	1,564,173

(b) Key management personnel compensation:

	Three month period ended 30 June		Six month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Short-term employee benefits	9,222,539	7,842,500	15,982,102	14,529,500
End of services benefits	834,480	245,544	1,099,342	488,229

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**12. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

(c) Due from related parties:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Mawarid Trading Limited	97,362	-
Saudi Arabian Cooperative Insurance Co. – SAICO	-	879,005
	<b>97,362</b>	<b>879,005</b>

(d) Due to related parties:

	<b>30 June 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Meshraf General Contracting Company	35,235,702	17,161,166
Digital Business System Company	16,969,697	19,170,344
Walaa Cooperative Insurance Company	3,737,921	157,184
Classic Travel & Tours Agency	1,340,423	859,331
Kanaf Charitable Association	24,004	14,194
Eastern Province Cement Company	-	320,341
Mawarid Trading Limited	-	79,535
Zahwa Trading Services Company	-	647,793
ACE Gallagher Arabia Insurance	-	57,502
Accrued directors' remuneration	1,230,000	2,460,000
	<b>58,537,747</b>	<b>40,927,390</b>

**13. FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group measures financial assets at fair value through other comprehensive income at each reporting date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilise the asset in its highest and best use.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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**13. FAIR VALUE MEASUREMENT (CONTINUED)**

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Levels 1, 2 or 3 during the period ended 30 June 2023 and the year ended 31 December 2022.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

<i>30 June 2023 (Unaudited)</i>	<u>Carrying amount</u>	<u>Fair value hierarchy</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<i>Financial assets</i>				
Equity instruments designated at FVOCI	260,690,769	260,690,769	-	-
<i>31 December 2022 (Audited)</i>				
Equity instruments designated at FVOCI	162,226,035	162,226,035	-	-

The carrying values of other financial assets and liabilities in the condensed consolidated interim statement of financial position approximate to their fair values.

**14. COMMITMENTS**

The Group has authorised future capital expenditure amounting to SR 101 million (31 December 2022: SR 186 million) relating to construction of new pharmacies, warehouses and purchase of other capital assets.

**15. SUBSEQUENT EVENTS**

No significant subsequent event occurred between 30 June 2023 and the date of authorization of these condensed consolidated interim financial statements by the Board, which may have material impact on these condensed consolidated interim financial statements.