

**MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**AND**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**For the three-month and six-month periods ended 30 June 2025**

**MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY**  
(A Saudi Joint Stock Company)  
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**For the three-month and six-month periods ended 30 June 2025**

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**Independent auditor's review report on the interim condensed consolidated financial statements  
To the Shareholders of Middle East Pharmaceutical Industries Company  
(A Saudi Joint Stock company)**

**Introduction:**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Middle East Pharmaceutical Industries Company - A Saudi Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2025, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2025, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review:**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Other Matter:**

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 25 Ramadhan 1446H (corresponding to 25 March 2025). Further, the interim condensed consolidated financial statements of the Group for the three-month and six-month periods ended 30 June 2024 and three-month period ended 31 March 2025 were reviewed by another auditor who expressed an unmodified review conclusion on those interim condensed consolidated financial statements on 2 Safer 1446H (corresponding to 6 August 2024) and 16 Dhul Qa'dah 1446 (corresponding to 14 May 2025) respectively.

for Ernst & Young Professional Services

Waleed G. Tawfiq  
Certified Public Accountant  
License No. (437)



Riyadh: 13 Safar 1447H  
(7 August 2025)

**MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 30 June 2025

(All amounts in ~~SR~~ unless otherwise stated)

	<u>Note</u>	<b>30 June 2025 (Unaudited)</b>	<b>31 December 2024 (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	128,270,187	120,764,715
Intangible assets	10	53,577,697	50,592,367
<b>Total non-current assets</b>		<b>181,847,884</b>	<b>171,357,082</b>
<b>Current assets</b>			
Trade receivables	7	235,837,067	217,484,690
Inventories	8	98,082,838	93,595,532
Prepayments and other current assets		21,074,101	21,698,020
Cash and cash equivalents	6	24,268,485	22,645,719
<b>Total assets</b>		<b>379,262,491</b>	<b>355,423,961</b>
<b>Total current assets</b>		<b>561,110,375</b>	<b>526,781,043</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	200,000,000	200,000,000
General reserve	16	-	25,253,411
Other comprehensive loss		(13,996,798)	(11,751,592)
Retained earnings		199,170,206	154,707,576
<b>Total equity</b>		<b>385,173,408</b>	<b>368,209,395</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	12	14,079,301	-
Employee benefits		28,036,061	24,536,489
<b>Total non-current liabilities</b>		<b>42,115,362</b>	<b>24,536,489</b>
<b>Current liabilities</b>			
Short-term loans	11	46,730,139	62,308,124
Loans and borrowings – current portion	12	-	3,168,968
Trade payables		52,358,517	27,349,169
Accruals and other current liabilities	13	29,764,656	34,116,138
Zakat payable		4,968,293	7,092,760
<b>Total current liabilities</b>		<b>133,821,605</b>	<b>134,035,159</b>
<b>Total liabilities</b>		<b>175,936,967</b>	<b>158,571,648</b>
<b>Total equity and liabilities</b>		<b>561,110,375</b>	<b>526,781,043</b>



**Ahmed Al Tabbaa**  
Chairman



**Mohammed Maher Al Ghannam**  
Managing Director & CEO



**Moazam Ali Shah**  
Chief Financial Officer

MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2025

(All amounts in ~~SR~~ unless otherwise stated)

	<i>Note</i>	For the three-month period ended 30 June		For the six-month period ended 30 June	
		<u>2025</u> (Unaudited)	<u>2024</u> (Unaudited)	<u>2025</u> (Unaudited)	<u>2024</u> (Unaudited)
Revenue	19	117,655,794	101,131,848	215,016,901	176,951,548
Cost of revenue	20	(44,023,828)	(37,849,068)	(81,117,540)	(68,372,118)
<b>Gross profit</b>		<b>73,631,966</b>	<b>63,282,780</b>	<b>133,899,361</b>	<b>108,579,430</b>
Selling and distribution expenses	21	(30,373,900)	(25,821,645)	(53,751,343)	(45,506,802)
General and administrative expenses	22	(14,813,230)	(12,955,869)	(29,304,902)	(26,248,704)
Other (expenses) /income		(184,757)	17,478	(280,369)	33,020
<b>Operating profit</b>		<b>28,260,079</b>	<b>24,522,744</b>	<b>50,562,747</b>	<b>36,856,944</b>
Finance costs	23	(1,207,861)	(1,091,897)	(2,572,327)	(2,432,334)
<b>Profit before zakat</b>		<b>27,052,218</b>	<b>23,430,847</b>	<b>47,990,420</b>	<b>34,424,610</b>
Zakat expense		(2,241,280)	(1,625,000)	(3,781,201)	(3,250,000)
<b>Profit for the period</b>		<b>24,810,938</b>	<b>21,805,847</b>	<b>44,209,219</b>	<b>31,174,610</b>
<b>Other comprehensive loss</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
Equity investment at FVOCI – net change in fair value		-	(485,626)	-	(756,399)
Re-measurements of defined benefit liability		(2,245,206)	336,089	(2,245,206)	336,089
<b>Other comprehensive loss for the period</b>		<b>(2,245,206)</b>	<b>(149,537)</b>	<b>(2,245,206)</b>	<b>(420,310)</b>
<b>Total comprehensive income for the period</b>		<b>22,565,732</b>	<b>21,656,310</b>	<b>41,964,013</b>	<b>30,754,300</b>
Basic and diluted earnings per share	26	<u>1.24</u>	<u>1.09</u>	<u>2.21</u>	<u>1.56</u>



**Ahmed Al Tabbaa**  
Chairman



**Mohammed Maher Al Ghannam**  
Managing Director & CEO



**Moazam Ali Shah**  
Chief Financial Officer

The accompanying notes 1 to 28 form an integral part of these interim condensed consolidated financial statements

MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY  
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 30 June 2025

(All amounts in ~~SR~~ unless otherwise stated)

	Note	Share capital	General reserve	Retained earnings	Other comprehensive loss	Total equity
<b>Balance at 1 January 2025 (audited)</b>		<b>200,000,000</b>	<b>25,253,411</b>	<b>154,707,576</b>	<b>(11,751,592)</b>	<b>368,209,395</b>
Profit for the period		-	-	44,209,219	-	44,209,219
Other comprehensive loss		-	-	-	(2,245,206)	(2,245,206)
Total comprehensive loss for the period		-	-	44,209,219	(2,245,206)	41,964,013
Transfer from general reserve to retained earnings	16	-	(25,253,411)	25,253,411	-	-
Dividends	18	-	-	(25,000,000)	-	(25,000,000)
<b>Balance at 30 June 2025 (unaudited)</b>		<b>200,000,000</b>	<b>-</b>	<b>199,170,206</b>	<b>(13,996,798)</b>	<b>385,173,408</b>
<b>Balance at 1 January 2024 (audited)</b>		<b>200,000,000</b>	<b>25,253,411</b>	<b>107,813,903</b>	<b>(26,667,791)</b>	<b>306,399,523</b>
Profit for the period		-	-	31,174,610	-	31,174,610
Other comprehensive loss		-	-	-	(420,310)	(420,310)
Total comprehensive income for the period		-	-	31,174,610	(420,310)	30,754,300
<b>Balance at 30 June 2024 (unaudited)</b>		<b>200,000,000</b>	<b>25,253,411</b>	<b>138,988,513</b>	<b>(27,088,101)</b>	<b>337,153,823</b>



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**MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY**  
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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

As at 30 June 2025

(All amounts in ~~SR~~ unless otherwise stated)

	<i>Note</i>	For the six-month period ended 30 June	
		2025 (Unaudited)	2024 (Unaudited)
<b>Cash flows from operating activities:</b>			
Profit before zakat		47,990,420	34,424,610
<i>Adjustments to reconcile net income to net cash flows from operating activities:</i>			
Depreciation	9	5,803,684	4,116,908
Amortization	10	3,774,137	2,682,719
Provision for employee benefits		3,212,799	3,107,294
Finance costs relating to borrowings	23	1,846,330	1,821,416
Reversal of impairment loss on trade receivables		-	(31,756)
Provision for net realizable value loss on inventories, net of inventory destruction	8	3,162,595	4,461,642
Loss on disposal of intangible assets		55,435	-
Loss on disposal of property, plant and equipment		-	192
<b>Changes in operating assets and liabilities:</b>			
Trade payables		25,009,348	19,269,723
Prepayments and other current assets		623,919	(3,697,775)
Trade receivables		(18,352,377)	(4,407,215)
Inventories		(7,649,901)	(16,911,427)
Accruals and other current liabilities		(4,372,591)	5,659,950
<b>Cash generated from operating activities</b>		<b>61,103,798</b>	<b>50,496,281</b>
Zakat paid		(5,905,668)	(4,804,703)
Net employee benefits paid		(1,958,433)	(3,683,965)
<b>Net cash generated from operating activities</b>		<b>53,239,697</b>	<b>42,007,613</b>
<b>Cash flows from investing activities:</b>			
Acquisition of property, plant and equipment	9	(13,309,156)	(6,506,497)
Additions to intangible assets	10	(6,814,902)	(4,727,329)
<b>Net cash used in investing activities</b>		<b>(20,124,058)</b>	<b>(11,233,826)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from short-term loans during the period	11	20,770,681	18,086,845
Repayments of short-term loans during the period	11	(34,792,502)	(44,567,331)
Repayments of long-term loans during the period	12	(3,168,968)	(3,168,968)
Proceeds from long-term loan during the year	12	13,950,000	-
Dividends paid	18	(24,978,891)	-
Financing cost paid relating to Murabaha		(3,273,193)	(2,083,458)
Due from shareholders		-	7,482,902
<b>Net cash used in financing activities</b>		<b>(31,492,873)</b>	<b>(24,250,010)</b>
Net changes in cash and cash equivalents		1,622,766	6,523,777
Cash and cash equivalents at the beginning of year		22,645,719	15,107,194
<b>Cash and cash equivalents at end of the year</b>	6	<b>24,268,485</b>	<b>21,630,971</b>
<b>Significant non-cash transactions:</b>			
Equity investment at FVOCI- net change in fair value		-	756,399



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The accompanying notes 1 to 28 form an integral part of these interim condensed consolidated financial statements




# MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY

## (A Saudi Joint Stock Company)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED)

30 June 2025

(All amounts in  unless otherwise stated)

#### 1. REPORTING ENTITY

Middle East Pharmaceutical Industries Company (“the Company”) was a Limited Liability Company incorporated in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010150538 and Unified No. 7018055066 on 2 Rabi II 1419H (corresponding to 27 July 1998).

The Company applied to the Ministry of Commerce to convert the legal status of the Company from a limited liability company to a closed joint stock company, pursuant to shareholders’ decision. On 21 Sha’ban 1443H (corresponding to 24 March 2022) the Ministry of Commerce approved the conversion from a limited liability company to a Saudi closed joint stock company.

On 27 February 2024, the Company listed its shares in Saudi Stock Exchange (“Tadawul”) and changed the legal status from “Saudi Closed Joint Stock Company” to “Saudi Joint Stock Company”.

The Company’s registered office is located at the following address:

8146 King Muhammad V, Sulaimaniyah,  
P.O. Box 4180  
Riyadh 11491  
Kingdom of Saudi Arabia

The Company has ten (10) branches incorporated in the Kingdom of Saudi Arabia and one (1) branch in United Arab Emirates (UAE). The interim condensed consolidated financial statements include the results of the eleven (11) branches listed below:

<b><u>Branch name</u></b>	<b><u>Commercial registration number</u></b>
Middle East Pharmaceutical Industries Company Branch – Riyadh	1010274622
Middle East Pharmaceutical Industries Company Branch – Riyadh	1010560224
Middle East Pharmaceutical Industries Company Branch – Riyadh	1010728546
Middle East Pharmaceutical Industries Company Branch – Riyadh	1010653238
Factory of Middle East Pharmaceutical Industries Company – Riyadh Second Industrial City	1010394325
Middle East Distribution Branch – Riyadh	1010175025
Middle East Distribution Company Branch – Jeddah	4030278683
Middle East Distribution Company Branch – Jeddah	4030161826
Middle East Distribution Company Branch – Dammam	2050061104
Middle East Pharmaceutical Industries Company Branch – Dammam	2050168074
Middle East Pharmaceutical Industries (Listed Joint Stock Company)– Dubai, UAE Branch	100636



# MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY (A Saudi Joint Stock Company)

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED) (continued)

30 June 2025

(All amounts in ﷲ unless otherwise stated)

### 1. REPORTING ENTITY (CONTINUED)

The Company and its subsidiaries, mentioned below, (collectively referred to as “the Group”) are engaged in manufacturing medicines, medicated and non-medicated creams and gels.

The subsidiaries included in the interim condensed consolidated financial statements as of 30 June 2025 and 30 June 2024 are the same as disclosed in the financial statements for the year ended 31 December 2024.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

The interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” that is endorsed in KSA by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

#### 2.2 Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost convention and going concern assumption, except for the employees’ defined benefits obligations which is measured using the projected unit credit method and equity investments at Fair Value through Other Comprehensive Income (FVOCI), which are measured at fair value.

#### 2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyal ﷲ (SR) which is the functional currency of the Company. All amounts rounded to the nearest Saudi Riyal.

#### 2.4 Basis of consolidation

The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

### 3. USE OF JUDGMENTS AND ESTIMATES


In preparing these interim condensed consolidated financial statements, we make estimates and judgments that affect the amounts recorded. Actual results could differ from our estimates. Our estimates and judgments are based on historical experience and other factors we consider reasonable, including expectations of future events. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates.

The significant judgments made by the management in applying the Group’s accounting policies and the key sources of estimation were the same as those applied to the Group’s last annual consolidated financial statements for the year ended 31 December 2024.

**MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED) (continued)**

30 June 2025

(All amounts in  unless otherwise stated)

**4. MATERIAL ACCOUNTING POLICY INFORMATION**

The accounting policies adopted in the preparation of interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

**5. NEW STANDARDS, AMENDMENT TO STANDARDS AND INTERPRETATIONS**

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment (Amendment to IAS 21: Lack of exchangeability) applies for the first time in 2025 but does not have an impact on the interim condensed consolidated financial statements of the Group.

The standards and amendments that are issued, but not yet effective, as of 30 June 2025 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

1 January 2026	Classification and Measurement of Financial Instrument – Amendments to IFRS 9 and IFRS 7 Contract Referencing Nature-dependent Electricity- Amendments to IFRS 9 and IFRS 7 Annual Improvements to IFRS Accounting Standards- Volume 11
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements IFRS 19 Subsidiaries without Public Accountability Disclosure
Available for optional adoption / effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The new and amended standards mentioned above are not expected to have a significant impact on the Group's interim condensed consolidated financial statements.


**6. CASH AND CASH EQUIVALENTS**

	<b>30 June 2025 (Unaudited)</b>	<b>31 December 2024 (Audited)</b>
Cash on hand	293,422	180,100
Cash at banks – current accounts	23,975,063	22,465,619
	<b>24,268,485</b>	<b>22,645,719</b>

MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENT (UNAUDITED) (continued)

30 June 2025

(All amounts in  unless otherwise stated)

**7. TRADE RECEIVABLES**

	<b>30 June 2025 (Unaudited)</b>	31 December 2024 (Audited)
Trade receivables	245,901,644	227,549,267
Less: Impairment loss on trade receivables	<u>(10,064,577)</u>	<u>(10,064,577)</u>
	<u><b>235,837,067</b></u>	<u><b>217,484,690</b></u>

Movement in the allowance for impairment as per expected credit loss (ECL) model in respect to trade receivables is as follows:

	<b>30 June 2025 (Unaudited)</b>	31 December 2024 (Audited)
Opening balance	10,064,577	6,527,469
Reversal	-	(31,756)
Provision for expected credit losses	-	3,568,864
Closing balance	<u><b>10,064,577</b></u>	<u><b>10,064,577</b></u>

Management believes that for financial assets measured at amortized cost (cash, cash equivalents and trade receivables), the fair value approximates the carrying amount due to the short-term maturity of these instruments.

**8. INVENTORIES**

	<b>30 June 2025 (Unaudited)</b>	31 December 2024 (Audited)
Finished products	40,585,416	39,200,968
Packaging materials	32,504,482	28,527,065
Raw materials	26,178,079	24,574,745
Consumable supplies	6,928,554	6,605,739
Spare parts inventory	2,734,090	2,513,180
Work-in-progress	422,062	281,085
	<u><b>109,352,683</b></u>	<u><b>101,702,782</b></u>
Less: Provision for Net Realizable Value (NRV)	<u><b>(11,269,845)</b></u>	<u><b>(8,107,250)</b></u>
<b>Inventories, net</b>	<u><b>98,082,838</b></u>	<u><b>93,595,532</b></u>


Movement in provision for NRV loss is as follows:

	<b>30 June 2025 (Unaudited)</b>	31 December 2024 (Audited)
Opening balance	8,107,250	2,835,021
Add: Provision for NRV loss during the period/year	6,134,922	14,031,175
Less: Destruction made during the period/year	<u>(2,972,327)</u>	<u>(8,758,946)</u>
	<u><b>3,162,595</b></u>	<u><b>5,272,229</b></u>
<b>Balance as at</b>	<u><b>11,269,845</b></u>	<u><b>8,107,250</b></u>

MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED) (continued)

30 June 2025

(All amounts in  unless otherwise stated)

**9. PROPERTY, PLANT AND EQUIPMENT**


	Land	Buildings	Machineries	Furniture and office equipment	Motor vehicles	Computers	Tools	Assets under construction	Total
<b>30 June 2025</b>									
<b><u>Cost:</u></b>									
At 1 January 2025	15,828,842	96,357,495	47,859,355	7,717,075	6,760,994	7,225,747	14,722,935	4,901,704	201,374,147
Additions	-	90,020	2,183,626	236,191	312,000	1,681,431	468,817	8,337,071	13,309,156
Reclassification	-	-	(53,069)	-	-	-	53,069	-	-
<b>At 30 June 2025</b>	<b>15,828,842</b>	<b>96,447,515</b>	<b>49,989,912</b>	<b>7,953,266</b>	<b>7,072,994</b>	<b>8,907,178</b>	<b>15,244,821</b>	<b>13,238,775</b>	<b>214,683,303</b>
<b><u>Accumulated depreciation:</u></b>									
At 1 January 2025	-	28,667,128	28,398,058	5,557,808	4,299,688	4,192,211	9,494,539	-	80,609,432
Charges for the period	-	2,310,714	1,463,874	331,350	447,177	665,083	585,486	-	5,803,684
Reclassification	-	-	(6,633)	-	-	-	6,633	-	-
<b>At 30 June 2025</b>	<b>-</b>	<b>30,977,842</b>	<b>29,855,299</b>	<b>5,889,158</b>	<b>4,746,865</b>	<b>4,857,294</b>	<b>10,086,658</b>	<b>-</b>	<b>86,413,116</b>
<b><u>Net book value:</u></b>									
<b>At 30 June 2025 (Unaudited)</b>	<b>15,828,842</b>	<b>65,469,673</b>	<b>20,134,613</b>	<b>2,064,108</b>	<b>2,326,129</b>	<b>4,049,884</b>	<b>5,158,163</b>	<b>13,238,775</b>	<b>128,270,187</b>

# MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY

(A Saudi Joint Stock Company)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT (UNAUDITED) (continued)

30 June 2025

(All amounts in  unless otherwise stated)

### 9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Machineries	Furniture and office equipment	Motor vehicles	Computers	Tools	Assets under construction	Total
31 December 2024									
<u>Cost:</u>									
At 1 January 2024	15,828,842	89,122,026	31,122,297	6,510,369	6,250,656	5,746,319	12,020,801	24,987,243	191,588,553
Additions	-	779,871	3,342,231	819,606	1,114,580	2,331,079	1,810,876	1,305,604	11,503,847
Disposals	-	-	(225)	(234,060)	(612,300)	(851,668)	(20,000)	-	(1,718,253)
Transfers	-	6,455,598	13,395,052	621,160	8,058	17	911,258	(21,391,143)	-
At 31 December 2024	<u>15,828,842</u>	<u>96,357,495</u>	<u>47,859,355</u>	<u>7,717,075</u>	<u>6,760,994</u>	<u>7,225,747</u>	<u>14,722,935</u>	<u>4,901,704</u>	<u>201,374,147</u>
<u>Accumulated depreciation:</u>									
At 1 January 2024	-	24,091,186	26,322,191	5,270,079	4,098,805	4,281,263	8,446,853	-	72,510,377
Charges for the year	-	4,575,942	2,075,867	521,789	791,533	762,424	1,067,686	-	9,795,241
Disposals	-	-	-	(234,060)	(590,650)	(851,476)	(20,000)	-	(1,696,186)
At 31 December 2024	<u>-</u>	<u>28,667,128</u>	<u>28,398,058</u>	<u>5,557,808</u>	<u>4,299,688</u>	<u>4,192,211</u>	<u>9,494,539</u>	<u>-</u>	<u>80,609,432</u>
<u>Net book value:</u>									
At 31 December 2024 (Audited)	<u>15,828,842</u>	<u>67,690,367</u>	<u>19,461,297</u>	<u>2,159,267</u>	<u>2,461,306</u>	<u>3,033,536</u>	<u>5,228,396</u>	<u>4,901,704</u>	<u>120,764,715</u>

9.1 Depreciation has been allocated as follows:

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of revenue (Note 20)	1,805,674	1,246,600	3,554,714	2,317,366
Selling and distribution expenses (Note 21)	364,804	329,412	718,276	639,500
General and administrative expenses (Note 22)	826,524	579,923	1,530,694	1,160,042
	<u>2,997,002</u>	<u>2,155,935</u>	<u>5,803,684</u>	<u>4,116,908</u>


9.2 Assets under construction include expansion of existing factory and machinery under commissioning process to increase the production capacity expected to be completed by 31 December 2025.

9.3 The Group's land title deeds number 910121016951, 310112020258 and 3819430000100 is currently mortgaged to Saudi Industrial Development Fund (SIDF) as loan security (Note 12).

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**10. INTANGIBLE ASSETS**

	<b>Software and licenses</b>	<b>Registered developed products</b>	<b>Formulation in progress</b>	<b>Total</b>
<b>Cost:</b>				
1 January 2025	9,576,514	33,469,504	32,326,485	75,372,503
Additions	249,264	-	6,565,638	6,814,902
Write-offs/disposals	-	-	(55,435)	(55,435)
Transfers	-	5,655,451	(5,655,451)	-
<b>At 30 June 2025</b>	<b>9,825,778</b>	<b>39,124,955</b>	<b>33,181,237</b>	<b>82,131,970</b>
<b>Accumulated amortization:</b>				
1 January 2025	5,739,401	19,040,735	-	24,780,136
Charges for the period	456,205	3,317,932	-	3,774,137
<b>At 30 June 2025</b>	<b>6,195,606</b>	<b>22,358,667</b>	<b>-</b>	<b>28,554,273</b>
<b>Net book value:</b>				
<b>At 30 June 2025 (Unaudited)</b>	<b>3,630,172</b>	<b>16,766,288</b>	<b>33,181,237</b>	<b>53,577,697</b>
<b>Cost:</b>				
1 January 2024	9,576,514	26,961,401	29,051,796	65,589,711
Additions	-	-	9,782,792	9,782,792
Transfers	-	6,508,103	(6,508,103)	-
<b>At 31 December 2024</b>	<b>9,576,514</b>	<b>33,469,504</b>	<b>32,326,485</b>	<b>75,372,503</b>
<b>Accumulated amortization:</b>				
1 January 2024	4,781,206	13,957,524	-	18,738,730
Charges for the year	958,195	5,083,211	-	6,041,406
<b>At 31 December 2024</b>	<b>5,739,401</b>	<b>19,040,735</b>	<b>-</b>	<b>24,780,136</b>
<b>Net book value:</b>				
<b>At 31 December 2024 (Audited)</b>	<b>3,837,113</b>	<b>14,428,769</b>	<b>32,326,485</b>	<b>50,592,367</b>


10.1 Amortization has been allocated as follows:

	<b>For the three-month period ended 30 June</b>		<b>For the six-month period ended 30 June</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of revenue (Note 20)	1,803,668	1,097,236	3,317,932	2,194,472
Selling and distribution expenses (Note 21)	705	704	1,403	1,407
General and administrative expenses (Note 22)	228,657	243,352	454,802	486,840
	<b>2,033,030</b>	<b>1,341,292</b>	<b>3,774,137</b>	<b>2,682,719</b>

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**11. SHORT-TERM LOANS**

The Group obtained Murabaha financing from various commercial banks at agreed commercial rates. The outstanding loan balance at the end of the period is as follows:

	<b>30 June 2025 (Unaudited)</b>	31 December 2024 (Audited)
<b>Islamic banking facilities (Murabaha)</b>		
Opening balance	60,088,833	50,272,646
Proceeds from loans	20,770,681	87,194,077
Repayments	<u>(34,792,502)</u>	<u>(77,377,890)</u>
	46,067,012	60,088,833
Finance cost relating to Murabaha	663,127	2,219,291
	<u>46,730,139</u>	<u>62,308,124</u>

Financial charges rates on loans range between 1.25% to 2.50%+SAIBOR.

**12. LOANS AND BORROWINGS**

The Group obtained long-term financing from SIDF and a commercial bank at agreed commercial rates.

In April 2025, the long-term loan taken from a commercial bank has been fully settled. That loan charged a commission at agreed commercial rates, which is SAIBOR plus 1.75% p.a. payable in thirteen equal quarterly instalments beginning September 2022.

On January 2, 2024, the Management Credit Committee of SIDF approved a post financing facility amounting to SR 30,000,000 in relation to the company's Manufacturing Plants No. 2 & 3, and its Central Warehouse. To compensate the Fund for the expenses associated with evaluating and presenting the company's loan application, SR 2,100,000 will be deducted on a pro-rata basis from the full loan amount plus follow-up charges as billed by SIDF. The semi-annual follow-up fees shall not exceed the amount of SR 300,000 semi-annually, and in all cases the total of these costs will not exceed the amount of SR 3,840,000 throughout the course of this agreement. On April 28, 2025, out of the SR 30,000,000 approved loans, the company received SR 15,000,000, equivalent to 50% of the approved loan. From this amount, SR 1,050,000 was deducted as deferred financial charges (upfront fees). This loan carries an effective interest rate of 5.49%.

The Group's outstanding loan balance at the end of the period is as follows:


	<b>30 June 2025 (Unaudited)</b>	31 December 2024 (Audited)
Opening balance	3,168,968	9,506,904
Proceeds from SIDF loans	13,950,000	-
Repayment of commercial bank loan	<u>(3,168,968)</u>	<u>(6,337,936)</u>
	13,950,000	3,168,968
Amortized deferred financial charges	129,301	-
	<u>14,079,301</u>	<u>3,168,968</u>



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**13. ACCRUALS AND OTHER CURRENT LIABILITIES**

	<b>30 June 2025 (Unaudited)</b>	31 December 2024 (Audited)
Salaries and related benefits	12,359,164	18,779,004
Provision for sales return	9,617,414	8,172,473
Marketing and advertising	2,787,870	2,274,845
Board and committee members remuneration	1,425,000	2,170,000
Professional fees	1,399,978	648,660
Contract liabilities	768,068	1,093,589
Due to employees	369,309	351,433
Dividends payables	21,109	-
Others	1,016,744	626,134
	<b>29,764,656</b>	<b>34,116,138</b>

**14. ZAKAT PAYABLE**

Zakat returns have been submitted to the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 31 December 2024, and the liability has been settled. ZATCA has issued the final assessment up to the year ended 31 December 2023, and the Company has paid all the amounts based on the final assessment.

**15. RELATED PARTIES TRANSACTIONS**

Related parties include subsidiary companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Transactions with related parties carried out during the period/year, in the normal course of business, are approved by the Board. The transactions and balances with related parties are as follows:

**15.1 Due from related parties**

Related party	Relationship	Nature of transactions	Amount of transaction		Balance	
			30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Shareholders	Shareholders	Payments of IPO costs on behalf of the shareholders	-	2,670,812	-	-


**15.2 Compensation and benefits to key managements personnel:**

	For the three-month period ended		For the six-month period ended	
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Short-term employee benefits	3,857,394	3,848,686	7,578,139	7,521,439
Employees' defined benefits obligations	874,755	99,856	1,162,970	536,544
Board members remuneration	437,500	282,500	725,000	565,000
Total compensation and benefits to key managements personnel	<b>5,169,649</b>	<b>4,231,042</b>	<b>9,466,109</b>	<b>8,622,983</b>

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**16. GENERAL RESERVE**

On 17 April 2025 (corresponding to Shawwal 19, 1446H), the Company's Board of Directors proposed to the General Assembly the approval of transferring the "General Reserve" totaling SR 25,253,411, as reflected in the financial statements for the year ended 31 December 2024 to the "Retained Earnings." This transfer was subsequently approved by the General Assembly on 29<sup>th</sup> May 2025.

**17. SHARE CAPITAL**

	<u>No. of shares</u>	<u>Par value</u>	<u>Total value</u>
30 June 2025	<b>20,000,000</b>	<b>10</b>	<b>200,000,000</b>
31 December 2024	20,000,000	10	200,000,000

On 27 February 2024, the Company offered six million (6,000,000) ordinary shares, representing 30% of the Company's capital, through a public offering in Saudi Stock Exchange ("Tadawul").

**18. DIVIDENDS**


On 10 April 2025 (corresponding to 12 Shawwal 1446H), the Company's Board of Directors approved to distribute cash dividend for the second half of 2024 to the Company's shareholders amounting to SR 25 million (SR 1.25 per share for a total number of 20,000,000 shares) to eligible shareholders as at 01 May 2025; and shall be distributed on 15 May 2025. As of 30 June 2025, SR 24,978,891 has been paid.

	<u>For the three-month period ended</u>		<u>For the six-month period ended</u>	
	<u>30 June 2025</u>	<u>30 June 2024</u>	<u>30 June 2025</u>	<u>30 June 2024</u>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Shareholders' dividends	<b>25,000,000</b>	-	<b>25,000,000</b>	-
Weighted average number of shares outstanding during the period	<b>20,000,000</b>	20,000,000	<b>20,000,000</b>	20,000,000
Dividend per share	<b>1.25</b>	-	<b>1.25</b>	-

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**19. REVENUE**

The breakdown of revenue by **customer type** is as follows:

	For the three-month period ended		For the six-month period ended	
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
<i>Revenue from:</i>				
Private customers	78,232,188	71,776,516	144,509,457	126,552,011
Public customers	23,368,854	18,075,263	49,500,143	30,182,304
Export customers	16,054,752	11,280,069	21,007,301	20,217,233
	<b>117,655,794</b>	<b>101,131,848</b>	<b>215,016,901</b>	<b>176,951,548</b>

Revenue is recognised at a point in time at which the performance obligation is satisfied.

The table below represents the segregation of revenue by **geographical market**.

	For the three-month period ended		For the six-month period ended	
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
<i>Revenue from:</i>				
Kingdom of Saudi Arabia	101,601,042	89,851,779	194,009,600	156,734,315
UAE	3,009,999	5,425,014	4,218,036	12,142,368
Kuwait	2,431,665	1,841,893	4,024,948	3,577,831
Iraq	3,734,659	-	3,734,659	-
Libya	2,346,898	1,519,435	2,346,898	1,519,435
Oman	1,083,386	185,211	1,828,405	258,654
Bahrain	842,880	182,152	1,061,236	429,576
Other export market	2,605,265	2,126,364	3,793,119	2,289,369
	<b>117,655,794</b>	<b>101,131,848</b>	<b>215,016,901</b>	<b>176,951,548</b>


**20. COST OF REVENUE**

	For the three-month period ended		For the six-month period ended	
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Beginning inventory finished goods)	40,234,733	35,394,469	39,200,968	36,507,351
Add: Direct purchases	2,062,606	428,420	2,062,606	951,194
Add: Cost of goods manufactured:				
Packing materials cost	13,076,724	10,480,877	24,250,944	19,470,691
Raw materials cost	14,504,843	9,542,097	24,897,669	17,655,041
Less: Ending inventory finished goods	(40,585,416)	(30,364,400)	(40,585,416)	(30,364,400)
Cost of inventory consumed during the period	29,293,490	25,481,463	49,826,771	44,219,877
Indirect labor	5,533,696	4,618,194	11,387,561	8,755,835
Direct labor	2,776,168	2,489,021	5,701,783	4,883,870
Depreciation (Note 9.1)	1,805,674	1,246,600	3,554,714	2,317,366
Amortization (Note 10.1)	1,803,668	1,097,236	3,317,932	2,194,472
Other Overheads	2,811,132	2,916,554	7,328,779	6,000,698
	<b>44,023,828</b>	<b>37,849,068</b>	<b>81,117,540</b>	<b>68,372,118</b>

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**21. SELLING AND DISTRIBUTION EXPENSES**

	For the three-month period ended		For the six-month period ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other related benefits	13,926,039	12,236,123	23,514,645	20,570,479
Marketing and advertising expenses	6,772,327	4,810,321	11,410,748	9,071,847
Housing and accommodation expenses	2,691,763	2,079,410	5,179,168	4,074,670
Freight	1,635,596	1,541,155	3,535,223	2,530,106
Travelling expenses	1,097,769	889,903	1,877,402	1,469,210
Employees' transportation allowance	847,807	900,155	1,878,671	1,762,120
Employees' medical insurance	554,173	503,573	1,143,413	941,281
Employees' GOSI expenses	543,646	424,762	1,040,927	824,676
Depreciation (Note 9.1)	364,804	329,412	718,276	639,500
Legal and government fees	228,690	345,193	406,038	989,257
Employees' visa and iqama expenses	162,630	226,755	519,974	423,514
Amortization (Note 10.1)	705	704	1,403	1,407
Others	1,547,951	1,534,179	2,525,455	2,208,735
	<b>30,373,900</b>	<b>25,821,645</b>	<b>53,751,343</b>	<b>45,506,802</b>


**22. GENERAL AND ADMINISTRATIVE EXPENSES**

	For the three-month period ended		For the six-month period ended	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries and other related benefits	5,004,662	5,234,532	9,818,535	10,566,806
Professional fees	1,294,634	1,193,506	2,840,287	2,670,941
Housing and accommodation expenses	1,233,569	1,103,011	2,402,331	2,253,611
Board and committee members remuneration	1,059,500	477,500	1,687,000	1,000,000
Communication expenses	896,618	1,029,954	2,363,793	1,706,077
Depreciation (Note 9.1)	826,524	579,923	1,530,694	1,160,042
Legal and government fees	605,245	197,057	1,190,645	612,792
Office expenses	582,110	386,120	1,004,674	678,528
Travelling expenses	435,392	193,414	850,435	396,725
Employees' medical insurance	440,801	334,179	755,798	628,608
Employees' transportation allowance	352,912	323,421	695,431	642,034
Employee GOSI expenses	298,761	277,946	582,723	564,093
Repairs and maintenance	291,064	437,615	464,639	609,210
Amortization (Note 10.1)	228,657	243,352	454,802	486,840
Fees on letter of guarantee / credit	204,660	216,558	375,011	384,395
Others	1,058,121	727,781	2,288,104	1,888,002
	<b>14,813,230</b>	<b>12,955,869</b>	<b>29,304,902</b>	<b>26,248,704</b>

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**23. FINANCE COSTS**

	For the three-month period ended		For the six-month period ended	
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Finance cost related to borrowings	731,864	730,979	1,846,330	1,821,416
Net interest cost: Employees' defined benefits obligations	475,997	360,918	725,997	610,918
	<b>1,207,861</b>	<b>1,091,897</b>	<b>2,572,327</b>	<b>2,432,334</b>

**24. CONTINGENCIES**

	30 June 2025 (Unaudited)	31 December 2024 (Audited)
Letters of credits	14,761,563	11,682,662
Letters of guarantees	10,101,808	12,876,128
	<b>24,863,371</b>	<b>24,558,790</b>

**25. SEGMENT**

**A. Information about reportable segments**

The Board of Directors (BOD), which has been identified as the Chief Operating Decision Maker (CODM), monitors the gross profit of its reportable segments separately to make decisions about resource allocation and performance assessment.


The Group has three (3) operating segments: Private, Public and Export. The Group's CODM evaluates the segments' revenue and gross profit on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance. The CODM evaluates the performance of the Group's segments based on revenue and gross profit. The Group uses revenue and gross profit as its principal measure of segment performance as it enhances the Group's ability to compare past financial performance with current performance and analyze underlying business performance and trends.

Performance is measured by the CODM based on revenue and gross profit as reported in the management accounts. Management believes that this measure is the most relevant in evaluating the Group. As such, expenses, assets and liabilities related to segments are neither included in the internal management reports nor provided regularly to the management.

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**25. SEGMENT (CONTINUED)**

**B. Information about reportable segments**

The following table presents information for the Group's operating segments for the period ended 30 June 2025 and 30 June 2024, respectively.

<b>30 June 2025 (Unaudited)</b>	<b>Private customers</b>	<b>Public customers</b>	<b>Export customers</b>	<b>Total</b>
Revenue	144,509,457	49,500,143	21,007,301	215,016,901
Cost of revenue	(40,504,328)	(30,058,268)	(10,554,944)	(81,117,540)
Gross profit	104,005,129	19,441,875	10,452,357	133,899,361

**Unallocated expenses**

Selling and distribution expenses	(53,751,343)
General and administrative expenses	(29,304,902)
Finance costs	(2,572,327)
Other expenses	(280,369)
<b>Profit before zakat</b>	<b>47,990,420</b>
Zakat expense	(3,781,201)
<b>Profit for the period</b>	<b>44,209,219</b>

<b>30 June 2024 (Unaudited)</b>	<b>Private customers</b>	<b>Public customers</b>	<b>Export customers</b>	<b>Total</b>
Revenue	126,552,011	30,182,304	20,217,233	176,951,548
Cost of revenue	(38,220,883)	(20,334,480)	(9,816,755)	(68,372,118)
Gross profit	88,331,128	9,847,824	10,400,478	108,579,430


**Unallocated income (expenses)**

Selling and distribution expenses	(45,506,802)
General and administrative expenses	(26,248,704)
Finance costs	(2,432,334)
Reversal of impairment loss on trade receivables	31,756
Other expenses	1,264
<b>Profit before zakat</b>	<b>34,424,610</b>
Zakat expense	(3,250,000)
<b>Profit for the period</b>	<b>31,174,610</b>

MIDDLE EAST PHARMACEUTICAL INDUSTRIES COMPANY  
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENT (UNAUDITED) (continued)

30 June 2025

(All amounts in  unless otherwise stated)

**26. EARNINGS PER SHARE (EPS)**

Basic and diluted earnings per share are based on the net profit for the periods ended 30 June 2025 and 30 June 2024 divided by weighted average number of shares.

	For the three-month period ended		For the six-month period ended	
	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Profit for the period	24,810,938	21,805,847	44,209,219	31,174,610
Weighted average number of shares outstanding during the period	<b>20,000,000</b>	20,000,000	<b>20,000,000</b>	20,000,000
Basic and diluted earnings per share	<b>1.24</b>	1.09	<b>2.21</b>	1.56

**27. EVENTS AFTER THE REPORTING DATE**

There have been no significant subsequent events since the reporting date that would have a material impact on these interim-condensed consolidated financial statements.

**28. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements were approved by the Board of Directors for issuance on 13 Safar 1447H corresponding to 7 August 2025.