

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

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023**

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## KPMG Professional Services

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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 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 30 September 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 nine month periods ended 30 September 2023;
- the condensed consolidated statement of comprehensive income for the three month and nine month periods ended 30 September 2023;
- the condensed consolidated statement of financial position as at 30 September 2023;
- the condensed consolidated statement of changes in equity for the nine month period ended 30 September 2023;
- the condensed consolidated statement of cash flows for the nine month period ended 30 September 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 September 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 متفوع 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 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 and nine month periods ended 30 September 2022, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 8 Rabi Al-Thani 1444H corresponding to 2 November 2022G and 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: 17 Rabi Al-Thani 1445H  
Corresponding to: 1 November 2023G

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

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

	Note	Three month period ended		Nine month period ended	
		30 September 2023 (Unaudited)	30 September 2022 (Unaudited)	30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
Revenue	3	1,438,946,019	1,308,929,727	4,283,276,565	3,913,942,049
Cost of revenue		(918,035,090)	(823,986,006)	(2,701,747,321)	(2,428,033,881)
<b>Gross profit</b>		<b>520,910,929</b>	<b>484,943,721</b>	<b>1,581,529,244</b>	<b>1,485,908,168</b>
Selling and distribution expenses		(384,622,377)	(374,171,785)	(1,146,525,563)	(1,147,431,811)
General and administrative expenses		(34,298,158)	(28,084,735)	(96,008,322)	(94,522,663)
<b>Operating profit</b>		<b>101,990,394</b>	<b>82,687,201</b>	<b>338,995,359</b>	<b>243,953,694</b>
Fair value (loss) / gain on swap derivatives		-	(1,081,205)	-	51,523,160
Finance costs		(29,922,387)	(29,881,438)	(93,112,325)	(79,551,602)
Other income / (expense), net		1,750,745	(570,540)	1,314,301	7,009,833
<b>Profit before zakat</b>		<b>73,818,752</b>	<b>51,154,018</b>	<b>247,197,335</b>	<b>222,935,085</b>
Zakat expense	4	(2,535,400)	(3,000,000)	(10,325,400)	(7,000,000)
<b>Profit for the period</b>		<b>71,283,352</b>	<b>48,154,018</b>	<b>236,871,935</b>	<b>215,935,085</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share	5	0.84	0.57	2.79	2.54



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 NINE MONTH PERIODS ENDED 30 SEPTEMBER 2023**  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	<u>Three month period ended</u>		<u>Nine month period ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b>Profit for the period</b>	<b>71,283,352</b>	<b>48,154,018</b>	<b>236,871,935</b>	<b>215,935,085</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to</i>				
<i>profit or loss in subsequent periods</i>				
Equity instruments at FVOCI – net				
change in fair value	<u>(13,991,782)</u>	<u>(2,296,439)</u>	<u>84,472,952</u>	<u>(73,238,355)</u>
<b>Total comprehensive income</b>				
<b>for the period</b>	<b><u>57,291,570</u></b>	<b><u>45,857,579</u></b>	<b><u>321,344,887</u></b>	<b><u>142,696,730</u></b>



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

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

(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	6	957,012,541	941,764,995
Right-of-use assets	7	1,464,994,097	1,586,284,268
Intangible assets		15,629,709	19,804,185
Investment in unconsolidated subsidiaries		204,739	204,739
Equity instruments designated at FVOCI		205,577,987	162,226,035
<b>Total non-current assets</b>		<b>2,643,419,073</b>	<b>2,710,284,222</b>
<b>Current assets</b>			
Inventories		1,270,054,720	1,081,511,991
Trade and other receivables		584,297,665	564,315,049
Amounts due from related parties	12(c)	97,362	879,005
Right of return assets		276,720	814,132
Cash and cash equivalents	8	61,059,358	138,968,953
<b>Total current assets</b>		<b>1,915,785,825</b>	<b>1,786,489,130</b>
<b>Total assets</b>		<b>4,559,204,898</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		11,573,378	(63,699,474)
Retained earnings		282,999,983	249,427,948
<b>Total equity</b>		<b>1,204,032,722</b>	<b>1,095,187,835</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	7	1,248,017,615	1,374,164,408
Term loans	10.1	158,333,334	277,083,332
Employee benefits		152,132,741	132,058,361
<b>Total non-current liabilities</b>		<b>1,558,483,690</b>	<b>1,783,306,101</b>
<b>Current liabilities</b>			
Refund liabilities		38,575,703	16,723,875
Trade and other payables		750,537,631	534,119,445
Amounts due to related parties	12(d)	65,166,168	40,927,390
Current portion of lease liabilities	7	225,716,235	203,106,173
Current portion of term loans	10.1	151,666,667	122,916,668
Contract liabilities		23,540,254	26,527,537
Short-term borrowings	10.2	521,000,000	655,000,000
Provision for zakat	4	20,485,828	18,958,328
<b>Total current liabilities</b>		<b>1,796,688,486</b>	<b>1,618,279,416</b>
<b>Total liabilities</b>		<b>3,355,172,176</b>	<b>3,401,585,517</b>
<b>Total equity and liabilities</b>		<b>4,559,204,898</b>	<b>4,496,773,352</b>

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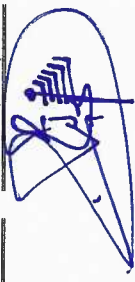
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**AL DAWAA MEDICAL SERVICES COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023  
(ALL AMOUNTS IN SAUDI RIYALS 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	-	-	-	215,935,085	215,935,085
Other comprehensive loss for the period	-	-	(73,238,355)	-	(73,238,355)
Total comprehensive income for the period	-	-	(73,238,355)	215,935,085	142,696,730
Dividends	-	-	-	(106,250,000)	(106,250,000)
At 30 September 2022 (Unaudited)	850,000,000	28,914,498	(34,124,734)	180,842,847	1,025,632,611
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	-	-	-	236,871,935	236,871,935
Other comprehensive income for the period	-	-	84,472,952	-	84,472,952
Total comprehensive income for the period	-	-	84,472,952	236,871,935	321,344,887
Dividends (note 9)	-	-	-	(212,500,000)	(212,500,000)
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	(9,200,100)	9,200,100	-
At 30 September 2023 (Unaudited)	850,000,000	59,459,361	11,573,378	282,999,983	1,204,032,722

  
 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 CASH FLOWS  
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023  
(ALL AMOUNTS IN SAUDI RIYALS UNLESS OTHERWISE STATED)**

		<b>Nine month period ended</b>	
	<b>Note</b>	<b>30 September 2023</b>	<b>30 September 2022</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>			
Profit before zakat		247,197,335	222,935,085
<u>Adjustments for:</u>			
Depreciation for property and equipment	6	115,445,562	114,335,656
Depreciation for right-of-use assets	7	156,175,182	157,677,075
Amortisation of intangible assets		4,174,476	4,498,888
Gain on derecognition due to termination of leases		(544,668)	(947,409)
Write off of property and equipment		2,937,536	5,078,558
Provision for employee benefits		20,612,811	22,236,797
Gain on disposal of property and equipment		(1,208,562)	(1,871,461)
Finance cost		93,112,325	79,551,602
Fair value gain on swap derivatives liabilities		-	(51,523,160)
<u>Changes in:</u>			
Inventories		(188,542,729)	143,143,637
Trade and other receivables		(19,982,616)	65,537,774
Amounts due from related parties		781,643	-
Right of return assets		537,412	16,232
Refund liabilities		21,851,828	377,444
Trade and other payables		214,132,679	(144,854,849)
Amounts due to related parties		24,238,778	(27,504,990)
Contract liabilities		(2,987,283)	(4,755,140)
<b>Cash generated from operating activities</b>		<b>687,931,709</b>	<b>583,931,739</b>
Finance costs paid		(85,862,701)	(48,425,829)
Employee benefits paid		(5,467,988)	(10,700,802)
Zakat paid	4	(8,797,900)	(7,453,528)
<b>Net cash generated from operating activities</b>		<b>587,803,120</b>	<b>517,351,580</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	6	(135,242,796)	(236,702,009)
Proceeds from disposal of property and equipment		2,820,714	3,599,788
Additions to intangible assets		-	(3,309,457)
Proceeds from disposal of equity instruments designated at FVOCI		41,121,000	-
<b>Net cash used in investing activities</b>		<b>(91,301,082)</b>	<b>(236,411,678)</b>
<b>Cash flows from financing activities</b>			
Repayment of short-term borrowings		(134,000,000)	(279,000,000)
(Repayment) / proceeds of long-term borrowings		(89,999,999)	350,000,000
Principal elements of lease payments		(137,877,074)	(184,261,219)
Dividend paid		(212,534,560)	(105,210,426)
<b>Net cash used in financing activities</b>		<b>(574,411,633)</b>	<b>(218,471,645)</b>

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

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

	Note	Nine month period ended	
		30 September 2023 (Unaudited)	30 September 2022 (Unaudited)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(77,909,595)</b>	<b>62,468,257</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>61,059,358</b>	<b>52,797,400</b>
<b>Significant non-cash transactions</b>			
Additions to right-of-use assets and lease liabilities	7	<b>57,719,405</b>	<b>141,690,219</b>
Remeasurements to right-of-use assets and lease liabilities	7	<b>2,671,220</b>	<b>818,391,956</b>
Derecognised of right-of-use assets due to lease termination	7	<b>(25,505,614)</b>	<b>(52,320,577)</b>
Derecognised of lease liabilities due to lease termination	7	<b>(26,050,282)</b>	<b>(53,267,986)</b>
Fair value gain / (loss) on equity instruments designated at FVOCI		<b>84,472,952</b>	<b>(73,238,355)</b>
Transfer from inventories to property and equipment		<b>-</b>	<b>2,952,576</b>
Transfer of fair value reserve of equity instruments designated at FVOCI		<b>9,200,100</b>	<b>-</b>



Authorised Board of Directors Member  
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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 NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 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 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 15 Rabi Al-Thani 1445H corresponding to 30 October 2023G.

The Company has investment in the following subsidiaries:

Name	Country of incorporation	Equity interest %	
		30 September 2023	31 December 2022
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. It is part of the consolidation for the period ended 30 September 2023 and included in these condensed consolidated interim financial statements.

**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 AND NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 September 2023 and for the period then ended are not material to the Group's condensed consolidated interim 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 NINE MONTH PERIODS ENDED 30 SEPTEMBER 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 employee 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 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 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>Nine month period ended</b>	
	<b>30 September 2023</b>	<b>30 September 2022</b>	<b>30 September 2023</b>	<b>30 September 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Type of revenue</b>				
Retail	1,352,174,215	1,270,448,909	4,060,335,631	3,799,369,165
Wholesale	86,771,804	38,480,818	222,940,934	114,572,884
	<b>1,438,946,019</b>	<b>1,308,929,727</b>	<b>4,283,276,565</b>	<b>3,913,942,049</b>
<b>Geographic markets</b>				
Kingdom of Saudi Arabia	<b>1,438,946,019</b>	<b>1,308,929,727</b>	<b>4,283,276,565</b>	<b>3,913,942,049</b>
<b>Timing of revenue recognition</b>				
Revenue recognised at a point in time	1,421,515,027	1,300,745,237	4,248,733,041	3,877,794,837
Revenue recognised over time	17,430,992	8,184,490	34,543,524	36,147,212
	<b>1,438,946,019</b>	<b>1,308,929,727</b>	<b>4,283,276,565</b>	<b>3,913,942,049</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 September 2023</b>	<b>31 December 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	10,325,400	12,420,932
Payments during the period / year	(8,797,900)	(7,453,528)
At the end of the period / year	<b>20,485,828</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 September</b>		<b>Nine month period ended 30 September</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>71,283,352</b>	48,154,018	<b>236,871,935</b>	215,935,085
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>0.84</b>	0.57	<b>2.79</b>	2.54

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

**6. PROPERTY AND EQUIPMENT**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
<b>Cost:</b>		
At beginning of the period / year	<b>1,867,326,123</b>	1,723,002,451
Additions	<b>135,242,796</b>	283,028,956
Disposals	<b>(8,900,968)</b>	(15,629,123)
Transfer to inventories	-	(2,952,576)
Write-off	<b>(23,583,932)</b>	(120,123,585)
<b>At end of the period / year</b>	<b>1,970,084,019</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 / year	<b>115,445,562</b>	152,046,757
Disposals	<b>(7,288,816)</b>	(13,803,973)
Write-off	<b>(20,646,396)</b>	(112,287,709)
<b>At end of the period / year</b>	<b>1,013,071,478</b>	925,561,128
<b>Net book value at end of the period / year</b>	<b>957,012,541</b>	941,764,995

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**7. LEASES**

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

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
At the beginning of the period / year	<b>1,586,284,268</b>	1,046,053,673
Additions	<b>57,719,405</b>	154,159,953
Remeasurements	<b>2,671,220</b>	657,028,937
Derecognised due to termination	<b>(25,505,614)</b>	(74,204,828)
Depreciation expense	<b>(156,175,182)</b>	(196,753,467)
At the end of the period / year	<b>1,464,994,097</b>	1,586,284,268

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

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
At beginning of the period / year	<b>1,577,270,581</b>	1,039,121,922
Additions	<b>57,719,405</b>	154,159,953
Remeasurements	<b>2,671,220</b>	657,028,937
Derecognised due to termination	<b>(26,050,282)</b>	(77,733,610)
Accretion of interest	<b>43,618,922</b>	48,687,489
Payments	<b>(181,495,996)</b>	(243,994,110)
At end of the period / year	<b>1,473,733,850</b>	1,577,270,581
Current	<b>225,716,235</b>	203,106,173
Non-current	<b>1,248,017,615</b>	1,374,164,408

**8. CASH AND CASH EQUIVALENTS**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Cash in hand	<b>9,249,961</b>	9,853,019
Cash at bank	<b>51,809,397</b>	129,115,934
	<b>61,059,358</b>	138,968,953

**9. DIVIDENDS**

The Group's Board of Directors, at their meeting held on 21 March 2023, have approved cash dividends of SR 1.25 per share amounting to SR 106.25 million, for the year ended 31 December 2022, which was distributed on 1 May 2023. Further, on 31 August 2023, the Board of Directors resolved to distribute interim cash dividends for the period ended 30 June 2023 of SR 1.25 per share amounting to SR 106.25 million which was distributed on 28 September 2023.



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**10. LOANS AND BORROWINGS**

**10.1 Term loans**

	<b>30 September 2023 (Unaudited)</b>	<b>31 December 2022 (Audited)</b>
Term loans	<b>310,000,001</b>	400,000,000
Less: current portion	<b>(151,666,667)</b>	(122,916,668)
Non-current portion	<b>158,333,334</b>	277,083,332

**10.1.1** As at 30 September 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 an 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 September 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 521 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 issued by the Group. These facilities carry borrowing cost at an average rate of SIBOR plus 1%. These facility agreements contain financial covenants which require the Group to maintain certain level of financial ratios. As of 30 September 2023, the Group was in compliance with the loan covenants.

**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 September 2023 and 30 September 2022 is as follows:

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**11. SEGMENT INFORMATION (CONTINUED)**

	<b>Retail</b>	<b>Wholesale</b>	<b>Total</b>
<i>30 September 2023 (Unaudited)</i>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4,060,335,631	222,940,934	4,283,276,565
Cost of revenue	(2,533,300,351)	(168,446,970)	(2,701,747,321)
Gross profit	1,527,035,280	54,493,964	1,581,529,244
Operating profit	324,778,431	14,216,928	338,995,359
<i>Unallocated income / (expenses)</i>			
Finance cost			(93,112,325)
Other income, net			1,314,301
Zakat			(10,325,400)
<b>Profit for the period</b>			<b>236,871,935</b>
<b>Total assets</b>	<b>4,399,632,726</b>	<b>159,572,172</b>	<b>4,559,204,898</b>
<b>Liabilities</b>			
Allocated liabilities	2,435,826,149	88,346,026	2,524,172,175
<i>Unallocated liabilities</i>			
Term loans			310,000,001
Short-term borrowings			521,000,000
<b>Total liabilities</b>			<b>3,355,172,176</b>
<i>30 September 2022 (Unaudited)</i>			
Revenue	3,799,369,165	114,572,884	3,913,942,049
Cost of revenue	(2,351,966,938)	(76,066,943)	(2,428,033,881)
Gross profit	1,447,402,227	38,505,941	1,485,908,168
Operating profit	240,298,587	3,655,107	243,953,694
<i>Unallocated income / (expenses)</i>			
Fair value gain on swap derivatives liabilities			51,523,160
Finance cost			(79,551,602)
Other expense, net			7,009,833
Zakat			(7,000,000)
<b>Profit for the period</b>			<b>215,935,085</b>
<b>Total assets</b>	<b>4,460,838,920</b>	<b>161,792,085</b>	<b>4,622,631,005</b>
<b>Liabilities</b>			
Allocated liabilities	2,338,652,649	84,821,599	2,423,474,248
<i>Unallocated liabilities</i>			
Term loans			350,000,000
Short-term borrowings			823,524,146
<b>Total liabilities</b>			<b>3,596,998,394</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 September 2023 and the year ended 31 December 2022 are unsecured, interest free and settlement occurs in cash. For the nine month period ended 30 September 2023 and the year ended 31 December 2022, the Group has not recorded any impairment of receivable relates to amounts owed by a 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 September		Nine month period ended 30 September	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Meshraf General Contracting Company (other related party)	Construction cost of pharmacies	29,939,392	11,968,734	82,746,628	96,600,433
Classic Travel & Tours Agency (common directorship)	Tickets and other travel expenses	6,228,403	1,173,105	22,933,819	16,434,031
Digital Business System Company (other related party)	IT services provided to the Group	7,201,053	6,428,754	21,312,870	38,996,286
Walaa Cooperative Insurance Company (common directorship)	Insurance services provided to the Group	423,285	-	7,569,704	5,394,781
966 Motors Establishment (other related party)	Maintenance services	459,225	5,007,853	3,690,982	5,007,853
Eastern Province Cement Company (common directorship)	Offices rental for the Group	76,828	-	1,253,668	662,340
Zahwa Trading Services Company (other related party)	Purchases of inventories	-	-	468,398	8,674,523
Kanaf Charitable Association (common directorship)	Donation from pharmacies customers	10,487	-	34,720	86,571
Mawarid Trading Limited (common directorship)	Purchases of inventories	-	368,847	-	1,250,571
ACE Gallagher Arabia Insurance (other related party)	Insurance services provided to the Group	-	368,947	-	368,947
Ms. Nouf Saad Al-Farraj (shareholder)	Offices rental for the Group	-	200,000	-	200,000

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

**(b) Key management personnel compensation:**

	<b>Three month period ended 30 September</b>		<b>Nine month period ended 30 September</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>
Short-term employee benefits	<b>7,252,500</b>	6,754,500	<b>23,234,602</b>	21,284,000
End of services benefits	<b>287,122</b>	542,728	<b>1,386,464</b>	1,030,957
	<b>7,539,622</b>	7,297,228	<b>24,621,066</b>	22,314,957

**(c) Due from related parties:**

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

**(d) Due to related parties:**

	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Meshraf General Contracting Company	<b>41,472,135</b>	17,161,166
Digital Business System Company	<b>18,164,794</b>	19,170,344
Walaa Cooperative Insurance Company	<b>1,454,955</b>	157,184
Classic Travel & Tours Agency	<b>1,521,606</b>	859,331
966 Motors Establishment	<b>673,304</b>	-
Kanaf Charitable Association	<b>34,374</b>	14,194
Zahwa Trading Services Company	-	647,793
Eastern Province Cement Company	-	320,341
Mawarid Trading Limited	-	79,535
ACE Gallagher Arabia Insurance	-	57,502
Accrued directors' remuneration	<b>1,845,000</b>	2,460,000
	<b>65,166,168</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.

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

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.

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 September 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 September 2023 (Unaudited)</i>	<b>Carrying amount</b>	<b>Fair value hierarchy</b>		
		<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
<b><i>Financial assets</i></b>				
Equity instruments designated at FVOCI				
	<b>205,577,987</b>	<b>205,577,987</b>	-	-
 <i>31 December 2022 (Audited)</i>				
Equity instruments designated at FVOCI				
	<b>162,226,035</b>	<b>162,226,035</b>	-	-

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 51 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 September 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.