

**SAUDI PHARMACEUTICAL INDUSTRIES
AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
For the three-month period ended 31 March 2025
together with
Independent Auditor's Review Report**

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2025

<u>Index</u>	<u>Page</u>
Independent auditor’s review report	1-2
Condensed consolidated interim statement of financial position	3
Condensed consolidated interim statement of profit or loss	4
Condensed consolidated interim statement of comprehensive income	5
Condensed consolidated interim statement of changes in equity	6
Condensed consolidated interim statement of cash flows	7 – 8
Notes to the condensed consolidated interim financial statements	9 – 24



KPMG Professional Services Company

Roshn Front, Airport Road
P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

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

To the Shareholders of Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH)

Introduction

We have reviewed the accompanying 31 March 2025 condensed consolidated interim financial statements of Saudi Pharmaceutical Industries and Medical Appliances Corporation ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 31 March 2025;
- the condensed consolidated statement of profit or loss for the three-month period ended 31 March 2025;
- the condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2025;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2025;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2025; 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.

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

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية، شركة مساهمة مهنية مقفلة مسجلة في المملكة العربية السعودية، رأس مالها (١١٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية خاصة محدودة بالضمان.

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

To the Shareholders of Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH) (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2025 condensed consolidated interim financial statements of Saudi Pharmaceutical Industries and Medical Appliances Corporation and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Emphasis of Matter – Comparative Information

We draw attention to note 21 to the condensed consolidated interim financial statements of the Company and its subsidiaries which indicates that the comparative information presented as at and for the three-month period ended 31 March 2024, has been restated. Our conclusion is not modified in respect of this matter.

Other Matter relating to comparative information

The condensed consolidated interim financial statements of the Group as at and for the three-month period ended 31 March 2024, except for the adjustments described in note 21, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 19 May 2024 (corresponding to 11 Dhul Qidah 1445H).

KPMG Professional Services Company



Fahad Mubark Aldossari
License No: 469

Riyadh, 17 May 2025
Corresponding to 19 Dhul Qidah 1446H



SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)

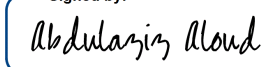
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

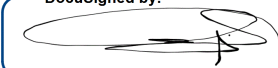
	Note	31 March 2025	31 December 2024 (Audited)
ASSETS			
Property, plant and equipment	4	1,554,127	1,573,629
Assets under construction	4	189,161	172,318
Intangible assets	5	99,094	102,296
Right-of-use assets	6	25,858	25,708
Equity-accounted investees	7	75,586	67,734
Deferred tax assets		26,427	21,397
Total non-current assets		1,970,253	1,963,082
Trade receivables	8	1,347,619	1,174,997
Inventories	9	613,069	646,091
Due from related parties	17	12,383	15,330
Investments at fair value through profit or loss (FVTPL)	10	484	480
Prepayments and other assets		203,818	242,225
Short term investments		175,000	155,000
Cash and cash equivalents	11	166,402	122,143
Total current assets		2,518,775	2,356,266
Total assets		4,489,028	4,319,348
EQUITY AND LIABILITIES			
Equity			
Share capital		1,200,000	1,200,000
Statutory reserve		360,685	360,685
Treasury shares	12	(19,937)	(19,937)
Foreign currency translation reserve		(34,380)	(43,348)
Share-based payments reserve		2,501	1,175
Accumulated losses		(49,448)	(120,273)
Equity attributable to the Owners of the Company		1,459,421	1,378,302
Non-controlling interests		157,253	153,017
Total equity		1,616,674	1,531,319
Liabilities			
Loans and borrowings	13	795,233	462,463
Lease liabilities		4,962	8,367
Employees' end of service benefit obligations		207,890	222,300
Government grant		40,054	40,220
Contract liabilities	14	54,745	44,594
Total non-current liabilities		1,102,884	777,944
Loans and borrowings – current portion	13	758,843	1,038,670
Lease liabilities – current portion		4,087	3,043
Zakat and income tax payable		62,829	62,435
Trade and other payables		576,755	567,999
Dividends payable		168,005	168,108
Refund liabilities	14	198,951	169,830
Total current liabilities		1,769,470	2,010,085
Total liabilities		2,872,354	2,788,029
Total equity and liabilities		4,489,028	4,319,348

The condensed consolidated interim financial statements were approved by the Board of Directors and have been signed on their behalf by:

Signed by:

704F9003E38142F...
Chief Financial Officer

Signed by:

27E901801209480...
Chief Executive Officer

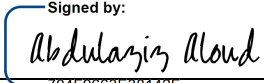
DocuSigned by:

3FEC1D9798344DC...
Authorized Board Member

The accompanying notes from pages 9 to 24 form an integral part of these condensed consolidated interim financial statements.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
For the three-month period ended 31 March 2025
(All amounts in thousands of Saudi Riyals, unless otherwise stated)

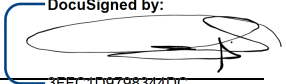
	Note	31 March 2025	31 March 2024 (Restated- note 21)
Revenue	19	484,843	475,958
Cost of revenue		(255,948)	(224,816)
Gross profit		228,895	251,142
Selling and marketing expenses		(75,326)	(81,478)
General and administrative expenses		(62,860)	(69,715)
Research and development expenses		(12,866)	(17,384)
Other income / (expenses), net	15	21,792	(17,545)
Impairment loss on financial assets		(15,145)	(9,006)
Operating profit		84,490	56,014
Finance costs		(24,568)	(16,779)
Finance income		2,714	1,801
Share of results of equity-accounted investees	7	7,852	5,152
Profit before zakat and income tax		70,488	46,188
Zakat and income tax		4,573	(6,701)
Profit for the period		75,061	39,487
Profit attributable to:			
Shareholders of the Parent Company		70,825	35,347
Non-controlling interests		4,236	4,140
		75,061	39,487
Earning per share			
Basic and diluted (SR)	16	0.59	0.30

The condensed consolidated interim financial statements were approved by the Board of Directors and have been signed on their behalf by:

Signed by:

704F9863E38142E...
Chief Financial Officer

Signed by:

27E961801209480...
Chief Executive Officer

DocuSigned by:

3FFC1D9798344DC...
Authorized Board Member

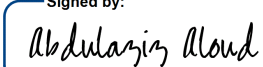
The accompanying notes from pages 9 to 24 form an integral part of these condensed consolidated interim financial statements.

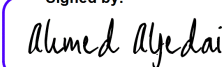
SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

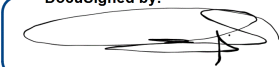
For the three-month period ended 31 March 2025
(All amounts in thousands of Saudi Riyals, unless otherwise stated)

	31 March 2025	31 March 2024 (Restated- note 21)
Profit for the period	75,061	39,487
<u>Other comprehensive income</u>		
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences	<u>8,968</u>	<u>4,757</u>
Other comprehensive income for the period	<u>8,968</u>	<u>4,757</u>
Total comprehensive income for the period	<u>84,029</u>	<u>44,244</u>
Total comprehensive income attributable to:		
Shareholders of the Parent Company	<u>79,793</u>	40,104
Non-controlling interests	<u>4,236</u>	<u>4,140</u>
	<u>84,029</u>	<u>44,244</u>

The condensed consolidated interim financial statements were approved by the Board of Directors and have been signed on their behalf by:

Signed by:

704F9663E38142E
Chief Financial Officer

Signed by:

27E961801209480...
Chief Executive Officer

DocuSigned by:

3FFC1D9798344DC...
Authorized Board Member

The accompanying notes from pages 9 to 24 form an integral part of these condensed consolidated interim financial statements.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

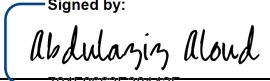
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

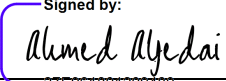
For the three-month period ended 31 March 2025

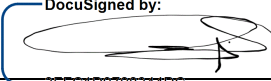
(All amounts in thousands of Saudi Riyals, unless otherwise stated)

	Share capital	Statutory reserve	Treasury Shares	Foreign currency translation reserve	Share-based payment reserve	Accumulated losses	Equity attributable to the Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2024 (restated)	1,200,000	360,685	(8,002)	(42,032)	-	(135,472)	1,375,179	140,416	1,515,595
Profit for the period (restated – note 21)	-	-	-	-	-	35,347	35,347	4,140	39,487
Other comprehensive income for the period	-	-	-	4,757	-	-	4,757	-	4,757
Total comprehensive income (restated – note 21)	-	-	-	4,757	-	35,347	40,104	4,140	44,244
Balance as at 31 March 2024 (restated)	1,200,000	360,685	(8,002)	(37,275)	-	(100,125)	1,415,283	144,556	1,559,839
Balance as at 1 January 2025	1,200,000	360,685	(19,937)	(43,348)	1,175	(120,273)	1,378,302	153,017	1,531,319
Profit for the period	-	-	-	-	-	70,825	70,825	4,236	75,061
Other comprehensive income for the period	-	-	-	8,968	-	-	8,968	-	8,968
Total comprehensive income	-	-	-	8,968	-	70,825	79,793	4,236	84,029
Share-based payment expense	-	-	-	-	1,326	-	1,326	-	1,326
Balance as at 31 March 2025	1,200,000	360,685	(19,937)	(34,380)	2,501	(49,448)	1,459,421	157,253	1,616,674

The condensed consolidated interim financial statements were approved by the Board of Directors and have been signed on their behalf by:

Signed by:

 704F9663E38142F...
Chief Financial Officer

Signed by:

 27E961801209480...
Chief Executive Officer

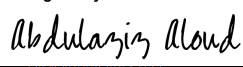
DocuSigned by:

 3FFC1D9798344DC...
Authorized Board Member

The accompanying notes from pages 9 to 24 form an integral part of these condensed consolidated interim financial statements.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the three-month period ended 31 March 2025
(All amounts in thousands of Saudi Riyals, unless otherwise stated)


	<u>31 March 2025</u>	<u>31 March 2024</u> (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	75,061	39,487
Adjustments for:		
Depreciation of property, plant and equipment	21,121	18,593
Depreciation of right-of-use assets	644	1,710
Assets under construction written off	-	1,283
Amortization of intangible assets	3,209	640
Share of results of equity accounted investees	(7,852)	(5,152)
Gain on disposal of property, plant and equipment	(18,078)	-
Provision for sales/services discounts and returns	39,271	60,301
Shared based payment expense	1,326	-
Provision / (reversal) for net realizable value loss relating to inventories	7,680	(13,627)
Impairment loss on financial assets	15,145	9,006
Provision for employees' end of services benefits	6,739	8,931
Amortization of government grant	(475)	(388)
Terminated employees' legal claims (reversal) / charge	(1,961)	465
Finance costs	24,568	16,779
Finance income	(2,714)	(1,801)
Zakat and income tax	(4,573)	6,701
	<u>159,111</u>	<u>142,928</u>
Changes in working capital:		
Inventories	25,396	24,399
Trade receivables	(185,094)	(259,633)
Prepayments and other assets (including advances for capital expenditures)	38,405	(11,050)
Trade and other payables	12,921	80,019
Cash generated from / (used in) operating activities	<u>50,739</u>	<u>(23,337)</u>
Finance costs paid	(13,702)	(14,095)
Finance income received	2,710	1,801
Finance cost paid relating to lease liabilities	(89)	(1,056)
Zakat and income tax paid	(73)	(304)
Employees' end of service benefit obligations paid	(21,148)	(25,099)
Net cash generated from / (used in) operating activities	<u>18,437</u>	<u>(62,090)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(7,183)	(679)
Additions to intangible assets	(11)	-
Additions to short term investment	(20,000)	(21,500)
Proceeds from sale of property, plant and equipment	26,250	-
Dividends from joint venture	-	15,301
Additions to asset under construction	(10,399)	(22,198)
Net cash used in investing activities	<u>(11,343)</u>	<u>(29,076)</u>

The condensed consolidated interim financial statements were approved by the Board of Directors and have been signed on their behalf by:

Signed by:

704F9663E38142E...
Chief Financial Officer

Signed by:

27E961801209480...
Chief Executive Officer

DocuSigned by:

3FFC1D9798344DC...
Authorized Board Member

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

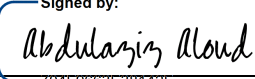
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

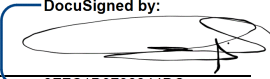
	31 March 2025	31 March 2024 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans and borrowings	539,000	151,449
Repayment of loans and borrowings	(499,041)	-
Lease liabilities paid	(2,345)	(928)
Dividends paid	(103)	(207)
Net cash generated from financing activities	37,511	150,314
 Net changes in cash and cash equivalents during the period	 44,605	 59,148
Foreign currency translation adjustments	(346)	5,951
Cash and cash equivalents at the beginning of the period	122,143	163,090
Cash and cash equivalents at the end of the period	166,402	228,189

The condensed consolidated interim financial statements were approved by the Board of Directors and have been signed on their behalf by:

Signed by:

 704F9663E38142E...
Chief Financial Officer

Signed by:

 27E961801209480...
Chief Executive Officer

DocuSigned by:

 3EFC1D9798344DC...
Authorized Board Member

The accompanying notes from pages 9 to 24 form an integral part of these condensed consolidated interim financial statements.

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)**

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

1. THE COMPANY, ITS SUBSIDIARIES AND BUSINESS DESCRIPTION

Saudi Pharmaceutical Industries and Medical Appliances Corporation (the “Company” or the “Parent Company”) is a Saudi Joint Stock Company registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration number 1131006650 dated Rajab 6, 1406H (corresponding to March 16, 1986G) and formed according to the Ministerial Resolution No. 884 dated Jumada Al-Awwal 10, 1406H (corresponding to January 21, 1986G). These condensed consolidated interim financial statements (‘interim financial statements’) as at and for the three-month period ended 31 March 2025 comprise the Company and its subsidiaries (together referred to as ‘the Group’).

The Company’s head office is in Buraidah city, King Abdul Aziz Road, Industrial City of Al-Qassim.

The Group is primarily involved in the manufacturing of pharmaceutical products, medicines for human use and wholesale and retail of medicines and related products, development and marketing of medical and pharmaceutical products, research and development in medical science activities, operating and maintaining the healthcare facilities and any investments in related industries, inside and outside the Kingdom of Saudi Arabia.

Below are the commercial registration of the branches of the Parent Company:

Branch Commercial Registration

<u>No.</u>	<u>Date of registration</u>	<u>Date of Expiry</u>	<u>City</u>
1010134224	4 January 1995	8 May 2028	Riyadh
4030086146	15 March 1992	17 February 2027	Jeddah
2051058378	10 August 2014	9 January 2027	Khobar
4031222626	10 February 2019	25 November 2025	Makkah
4650207091	10 February 2019	14 November 2026	Medina

1.1 Subsidiaries

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective ownership</u>	
			<u>31 March 2025</u>	<u>31 December 2024</u>
ARAC Healthcare Company (ARAC)	Pharmaceutical products distributor	Saudi Arabia	100%	100%
Pharmaceutical Industries Company for Distribution (a)	Pharmaceutical products distributor	Saudi Arabia	100%	100%
ARACOM Medical Company	Pharmaceutical products distributor	Saudi Arabia	100%	100%
ANORA Trading Company (b)	Pharmacy – retail	Saudi Arabia	99%	99%
Dammam Pharmaceutical Company	Pharmaceutical manufacturer	Saudi Arabia	100%	100%
Qassim Medical Service Company	Healthcare services provider	Saudi Arabia	57.27%	57.27%
SPIMACO Saudi Foundation – Algeria	Pharmaceutical products distributor	Algeria	100%	100%
SPIMACO Misr Company for Marketing (a)	Pharmaceutical products marketing	Egypt	100%	100%
SPIMACO Misr Company for Distribution (a)	Pharmaceutical products distributor	Egypt	100%	100%
SPIMACO Egypt Company	Pharmaceutical products distributor	Egypt	100%	100%
SPIMACO Misr for Pharmaceutical Industries	Pharmaceutical manufacturer	Egypt	90.59%	90.59%
SPIMACO Morocco for Pharmaceutical Industries	Pharmaceutical manufacturer	Morocco	78.68%	78.68%

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)**

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

1. THE COMPANY, ITS SUBSIDIARIES AND BUSINESS DESCRIPTION (Continued)

1.1 Subsidiaries (Continued)

- a) There has been no commercial activity in these subsidiaries.
- b) ANORA Trading Company is a limited liability company, with a paid-up capital of SR 0.3 million, and it is 99% owned by ARAC Healthcare Company (a wholly owned subsidiary of SPIMACO Group). On 17 November 2021, the shareholders of ANORA Trading Company, resolved to voluntarily liquidate the Company and appointed a legal liquidator for that purpose. The financial impact from the liquidation of ANORA Trading Company is immaterial as it has insignificant commercial activity and does not have financial commitments. The liquidation process has been completed and the final financial statements for liquidation purposes are expected to be completed and issued in the year 2025 after which, the liquidation process shall be concluded with the Ministry of Commerce (MOC) and Zakat, Tax and Customs Authority (ZATCA).

1.2 Associates and joint venture

Name	Principal activities	Country of incorporation	Effective shareholding	
			31 March 2025	31 December 2024
Arabian Medical Products Manufacturing Company (ENAYAH) – Joint venture	Manufacturing healthcare products	Saudi Arabia	51%	51%
CAD Middle East Pharmaceutical Company (CAD) – Associate	Active Pharmaceutical Ingredients manufacturing	Saudi Arabia	46.08%	46.08%
Tassili Arab Pharmaceutical Company (TAPHCO) – Associate	Pharmaceutical manufacturer	Algeria	22%	22%

2. BASIS OF PREPARATION

a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS 34) 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ('SOCPA') and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2024 ("last annual financial statements").

These condensed consolidated interim financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (IFRS), however, selected accounting policies and explanatory disclosures have been included in order to explain the significant events and transactions that are required to obtain an understanding of the changes in the Group's financial position and performance since the preparation of the last annual financial statements. These interim results may not be an indicator of the annual results of the Group.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting and the going concern basis, on the historical cost basis, except for employees' benefits plan which is measured at the present value of future obligations using the Projected Unit Credit method; financial instruments at fair value through profit and loss, which are measured at fair value; and investments in associates and joint ventures are measured using equity method accounting.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

2. BASIS OF PREPARATION (Continued)

c) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Saudi Riyal (“SR”) which is the Group’s functional and presentation currency. All amounts have been rounded off to the nearest thousands of Saudi Riyals unless otherwise stated.

d) Use of judgments and estimates

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The significant estimates made by the Group for managing the Group's accounting policies and the primary sources of estimating the unreliability remain the same as in the last annual financial statements.

e) Basis of consolidation

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there is a change 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 over the subsidiary. Assets, liabilities, income and expenses of the acquired subsidiary during the year are included within the condensed consolidated interim financial statements effective from the date the Group gains control until the date the Group ceases the control over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Control over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its direct involvement and relationship with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of the investee, the Group considers all relevant facts and circumstances in assessing whether it has power or control over the investee, including:

- The contractual arrangement (or arrangements) with the other voting rights holders within the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

Income and each component of Other Comprehensive Income (OCI) are attributed to the equity of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

Inter-group assets, liabilities, equity components, revenues, expenses and cash flows resulting from transactions between Group companies are fully eliminated upon consolidating the condensed consolidated interim financial statements.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies and calculation methods applied in preparing the condensed consolidated interim financial statements are consistent with those followed in preparing the Group's last annual consolidated financial statements as at and for the year ended 31 December 2024 ("last annual financial statements"), except for the application of the new standards that became effective on 1 January 2025. The Group did not early adopt any other standard, interpretation or amendment issued but not yet effective.

3.1 New Standards, Amendment to Standards and Interpretations

There are new standards and number of amendments to standards which are effective from 1 January 2025 and have been explained in Group's annual consolidated financial Statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements.

4. PROPERTY, PLANT AND EQUIPMENT AND ASSETS UNDER CONSTRUCTION

	Property, Plant and Equipment (PPE)		Assets under Construction (AUC)	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024
Cost:				
Opening balance	2,641,154	2,325,103	172,318	514,396
Additions	7,183	14,994	10,399	56,277
Disposals	(8,172)	(40,563)	-	-
Written off	-	-	-	(17,364)
Transfer in / (out)	592	315,225	(596)	(369,563)
Reclassification	-	8,169	-	(8,371)
Foreign currency translation	2,894	(5,500)	7,040	(4,365)
Reclassification from assets classified as held for sale	-	23,726	-	1,308
Closing balance	2,643,651	2,641,154	189,161	172,318
Accumulated depreciation:				
Opening balance	1,067,525	1,016,100	-	-
Charge for the period	21,121	69,328	-	-
Disposals during the period	-	(23,955)	-	-
Reclassification	-	(1,464)	-	-
Foreign currency translation	878	(1,928)	-	-
Reclassification from assets classified as held for sale	-	9,444	-	-
Closing balance	1,089,524	1,067,525	-	-
Net book value	1,554,127	1,573,629	189,161	172,318

5. INTANGIBLE ASSETS

	31 March 2025	31 December 2024
Cost:		
Opening balance	293,370	124,963
Additions	11	31,007
Written-off	-	(8)
Transfer from assets under construction (note no. 4)	4	54,338
Reclassification	-	202
Foreign currency translation	2	(6)
Reclassification from assets classified as held for sale	-	82,874
Closing balance	293,387	293,370

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

5. INTANGIBLE ASSETS (Continued)

	<u>31 March 2025</u>	<u>31 December 2024</u>
Accumulated amortization:		
Opening balance	191,074	95,240
Charge for the period/year	3,209	11,498
Reclassification	-	1,465
Foreign currency translation	10	(3)
Reclassification from assets classified as held for sale	-	82,874
Closing balance	<u>194,293</u>	<u>191,074</u>
Net book value	<u>99,094</u>	<u>102,296</u>

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

6.1 Right-of-use (ROU) assets

	<u>31 March 2025</u>	<u>31 December 2024</u>
Opening balance	25,708	32,204
Additions	-	346
Adjustments	-	703
Depreciation charge for the period/year	(644)	(3,881)
Disposals	-	(3,252)
Foreign currency translation	794	(412)
Closing balance	<u>25,858</u>	<u>25,708</u>

6.2 Lease liabilities

	<u>31 March 2025</u>	<u>31 December 2024</u>
Opening balance	11,410	18,504
Additions	-	346
Disposals	-	(3,621)
Adjustments	-	743
Finance cost	89	1,056
Effect of foreign currency translation	(16)	16
Payments for the period/year	(2,434)	(5,634)
Closing balance	<u>9,049</u>	<u>11,410</u>
Current portion	<u>4,087</u>	<u>3,043</u>
Non-current portion	<u>4,962</u>	<u>8,367</u>

7. EQUITY-ACCOUNTED INVESTEEES

	<u>31 March 2025</u>	<u>31 December 2024</u>
Opening balance	67,734	58,186
Share of result for the period/year	7,852	22,733
Dividends	-	(13,185)
Closing balance	<u>75,586</u>	<u>67,734</u>
	<u>31 March 2025</u>	<u>31 December 2024</u>
Arabian Medical Products Manufacturing Company (ENAYAH) – Joint Venture	75,586	67,734
Tassili Arab Pharmaceutical Company (TAPHCO) - Associate Company	-	-
CAD Middle East Pharmaceutical Company- Associate Company	-	-
	<u>75,586</u>	<u>67,734</u>

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

8. TRADE RECEIVABLES

	31 March 2025	31 December 2024
Trade receivables – third party	1,451,951	1,264,546
Trade receivables – related party (note 17)	37,879	37,879
	1,489,830	1,302,425
Less: impairment provision – third party	(108,701)	(93,918)
Less: impairment provision – related party (note 17)	(33,510)	(33,510)
	1,347,619	1,174,997

The movement in impairment provision is as follows:

	31 March 2025	31 December 2024
As at 1 January	93,918	112,854
Charge for the period/year	15,145	28,664
Written off	(636)	(47,494)
Reclassified from assets classified as held for sale	-	15
Effect of foreign currency translation	274	(121)
Closing balance	108,701	93,918

9. INVENTORIES

	31 March 2025	31 December 2024
Finished goods	412,771	443,006
Raw material	210,383	221,142
Stores and spares	29,247	28,659
Work-in-progress	21,545	7,819
Goods-in-transit	5,776	4,492
	679,722	705,118
Less: Provision for net realizable value (NRV) loss	(66,653)	(59,027)
	613,069	646,091

The movement of provision for net realizable value loss is as follows:

	31 March 2025	31 December 2024
Opening balance	59,027	64,237
Charge for the period / year	7,680	1,171
Written-off	-	(234)
Effect of foreign currency translation	(54)	(6,352)
Reclassified from assets classified as held for sale	-	205
	66,653	59,027

10. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	31 March 2025	31 December 2024
Opening balance	480	459
Revaluation during the period/year	4	21
Closing balance	484	480

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

11. CASH AND CASH EQUIVALENTS

	<u>31 March 2025</u>	<u>31 December 2024</u>
Cash in hand	1,561	1,169
Cash at bank	119,841	120,974
Short term deposits	45,000	-
	<u>166,402</u>	<u>122,143</u>

12. TREASURY SHARES

During 2023, the Extraordinary General Assembly in its meeting held on Rabi Al'Akhir 30, 1445H (corresponding to 15 November 2023) approved the purchase of the Company's shares, with a maximum of 815,000 shares. The Company completed the purchase of 645,000 shares amounting to SR 19.94 million to be allocated to the Employees' Long-term Incentives Program (LTIP) and be granted to high-performing employees. The program intends to attract, motivate, and retain employees responsible for the achievement of the Group's goals and strategies. The program provides a share-based payment plan for all eligible employees participating in the program by granting them shares in the Company upon completing the duration of service. The Group accounts for the share-based payment plan program as an equity-settled share-based payment.

There is no impact of treasury shares on these condensed consolidated interim financial statements for the three-month period ended 31 March 2025.

13. LOANS AND BORROWINGS

	<u>31 March 2025</u>	<u>31 December 2024</u>
<u>Current</u>		
Islamic financing	391,271	1,024,353
Government loans	14,518	14,317
Short-term loans	353,054	-
	<u>758,843</u>	<u>1,038,670</u>
<u>Non-Current</u>		
Islamic financing	779,186	446,416
Government loans	16,047	16,047
	<u>795,233</u>	<u>462,463</u>

During the period ended 31 March 2025, the Group obtained additional loans amounting to SR 539 million (31 December 2024: SR 1,290 million) and repaid loans amounting to SR 499 million (31 December 2024: SR 890 million).

14. REFUND LIABILITIES AND CONTRACT LIABILITIES

14.1 Refund Liabilities

	<u>31 March 2025</u>	<u>31 December 2024</u>
Sales/services discounts provision:		
Opening balance	144,558	140,138
Discounts provision against sales / services	62,597	342,813
Actual discounts adjustment during the period/year	(41,457)	(338,393)
Closing balance	<u>165,698</u>	<u>144,558</u>
Sales returns:		
Opening balance	25,272	22,209
Charge for the period/year	11,066	23,713
Adjusted during the period/year	(3,085)	(21,863)
Liabilities classified as held for sale	-	1,213
Closing balance	<u>33,253</u>	<u>25,272</u>
Total refund liabilities – current	<u>198,951</u>	<u>169,830</u>

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

14. REFUND LIABILITIES AND CONTRACT LIABILITIES (Continued)

14.2 Contract Liabilities

	<u>31 March 2025</u>	<u>31 December 2024</u>
Contract liabilities - non current	<u>54,745</u>	<u>44,594</u>

This relates to an advance received from AstraZeneca UK Limited per the investment agreement dated June 2018, to reserve manufacturing capacity at the oncology facility in Qassim. During the period, the Group has recognized SR 0.26 million as revenue.

15. OTHER INCOME / (EXPENSES), NET

	<u>31 March 2025</u>	<u>31 March 2024</u>
Gain on disposal of property, plant and equipment	<u>18,078</u>	-
Terminated employees' legal claims reversal / (charge)	<u>1,961</u>	(465)
Amortization of government grant	<u>475</u>	388
Foreign exchange loss	<u>397</u>	(17,521)
Others	<u>881</u>	53
	<u><u>21,792</u></u>	<u><u>(17,545)</u></u>

- 15.1** During 2023, certain claims have been filed by terminated employees and the Group is working with external legal counsels to assess the validity and potential liabilities associated with these claims. Based on the opinion of the Group's legal advisors, provisions have been made in the condensed consolidated interim financial statements to account for the potential liabilities arising from these labor law claims. These provisions are subject to reassessment as new information becomes available or as the legal proceedings progress. Furthermore, some of these claims have been decided against the Group by the Labor Law Court, and the associated costs have been recorded in the profit or loss statement. These costs represent the actual financial impact of the resolved claims. The Group has taken steps to ensure that the condensed consolidated interim financial statements accurately reflect the potential impact on its financial position, results of operations, and cash flows. Also, refer to contingent liabilities note 20.

16. EARNING PER SHARE

	<u>31 March 2025</u>	<u>31 March 2024</u>
Profit for the period attributable to the Shareholders of the parent	<u>70,825</u>	35,347
Weighted average number of ordinary shares	<u>119,432,855</u>	119,755,564
Earning per share attributable to the Shareholders of the parent (SR)	<u><u>0.59</u></u>	<u><u>0.30</u></u>

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

	<u>31 March 2025</u>	<u>31 March 2024</u>
Issued ordinary shares at 1 January	<u>120,000,000</u>	120,000,000
Effect of treasury shares held	<u>(567,145)</u>	(244,436)
	<u><u>119,432,855</u></u>	<u><u>119,755,564</u></u>

There is immaterial dilutive effect on the basic earning per share of the Company.

Basic earnings per share has been calculated by dividing the profit attributable to the Shareholders of the Company over the weighted average number of ordinary shares during the period.

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties represent major shareholders, directors and key management personnel of the Group, and companies of which they are principal owners, and any other entities controlled, jointly controlled or significantly influenced by them. The Group transacts with related parties in the ordinary course of its activities, as many of the Group's transactions and arrangements are based on signed agreements between the Group and those companies. None of the balances are secured.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

17.1 Transactions

Name of related parties	Relationship	Nature of transactions	31 March 2025	31 March 2024
Arabian Medical Products Manufacturing Co. (ENAYAH)	Joint Venture	Dividends received	-	15,301
CAD Middle East Pharmaceutical Co.	Associate	Purchase of raw material	44	6,102
Arab Company for Drugs Industries and Medical Appliances (ACDIMA)	Shareholder	Research cost	-	608
Tassili Arab Pharmaceutical Co. (TAPHCO)	Associate	Sales	-	1,055

17.2 Due from related parties

Name of related parties	Nature of balance	31 March 2025	31 December 2024
Non-current			
CAD Middle East Pharmaceutical Co.	Non-commercial	42,444	42,444
Tassili Arab Pharmaceutical Co. (TAPHCO)	Non-commercial	32,583	32,583
Current			
Arabian Medical Products Manufacturing Co. (ENAYAH)	Non-commercial	8,887	8,887
CAD Middle East Pharmaceutical Co.	Non-commercial	6,567	9,514
Tassili Arab Pharmaceutical Co. (TAPHCO)	Commercial	37,879	37,879
		128,360	131,307
Less: impairment allowance		(111,608)	(111,608)
		16,752	19,699

The movement of impairment provision during the period/year is as follows:

	31 March 2025	31 December 2024
Opening balance	111,608	103,213
Charge for the period/year	-	8,395
Closing balance	111,608	111,608

As at 31 March 2025, SR 40.16 million (31 December 2024: SR 38.96 million) included in trade and other payables is balance due to TAPHCO (a related party).

The non-commercial balance outstanding is as follows:

	31 March 2025	31 December 2024
Gross receivable	90,481	93,428
Less: impairment provision	(78,098)	(78,098)
	12,383	15,330

The commercial balance outstanding is as follows:

	31 March 2025	31 December 2024
Gross receivable	37,879	37,879
Less: impairment provision	(33,510)	(33,510)
	4,369	4,369

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Remuneration of key management personnel

	31 March 2025	31 March 2024
Short term benefits	4,237	6,088
Share based payment expense	1,326	-
	5,563	6,088

18. FINANCIAL INSTRUMENTS

The Group measures financial instruments, such as investments in equity securities at fair value at the condensed consolidated interim financial statement date.

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 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 Group must have access to the principal or the most advantageous market. 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 utilize the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the condensed consolidated interim financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognized in the condensed consolidated interim financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group determines the policies and procedures for both recurring fair value measurement and non-recurring measurement. External valuers are involved in the valuation of significant assets. The involvement of external valuers is decided by the Group after discussion with the Group's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

18. FINANCIAL INSTRUMENTS (Continued)

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing with the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics, and risks of the assets or liabilities and the level of the fair value hierarchy, as explained above.

Financial instruments by category

31 March 2025	Total	At amortized cost	At Fair value through P/L	Fair value -Level 2
Financial assets				
Due from related parties	12,383	12,383	-	-
Trade receivables	1,347,619	1,347,619	-	-
Investments at fair value through profit or loss (FVTPL)	484	-	484	484
Short term investments	175,000	175,000	-	-
Cash and cash equivalents	166,402	166,402	-	-
Total financial assets	1,701,888	1,701,404	484	484

Financial liabilities				
Loans and borrowings	1,554,076	1,554,076	-	-
Lease liabilities	9,049	9,049	-	-
Trade and other payables	477,783	477,783	-	-
Dividends payable	168,005	168,005	-	-
Total financial liabilities	2,208,913	2,208,913	-	-

31 December 2024	Total	At amortized cost	At Fair value through P/L	Fair value - Level 2
Financial assets				
Due from related parties	15,330	15,330	-	-
Trade receivables	1,174,997	1,174,997	-	-
Investments at fair value through profit or loss (FVTPL)	480	-	480	480
Short term investments	155,000	155,000	-	-
Cash and cash equivalents	122,143	122,143	-	-
Total financial assets	1,467,950	1,467,470	480	480

Financial liabilities				
Loans and borrowings	1,501,133	1,501,133	-	-
Lease liabilities	11,410	11,410	-	-
Trade and other payables	488,368	488,368	-	-
Dividends payable	168,108	168,108	-	-
Total financial liabilities	2,169,019	2,169,019	-	-

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

19. SEGMENT INFORMATION

The Group's principal business activities involve the manufacturing of pharmaceutical products under SPIMACO and its subsidiaries' brand names. The trading and distribution segment involves sales, marketing, and distribution of pharmaceutical, veterinary, medical equipment, and cosmetics products. Healthcare services represent maintaining and operating a secondary care hospital.

The Group is organized into business units based on its products and services and has three reportable segments. Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ('CODM'). The CODM has been determined to be the Chief Executive Officer as he is primarily responsible for the allocation of resources to segments and the assessment of the performance of each of the segments. The CEO uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments' results as it reflects the segments' performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group. The identified key segments are pharmaceutical manufacturing, trading and distribution services and healthcare services.

The Board of Directors reviews the operating results of the business separately to make decisions about resource allocation and performance assessment. Transactions between the operating segments are on terms approved by the management.

The following table represents the segregation of revenue by type:

Type of revenue	31 March 2025	31 March 2024
Revenue from sale of products	435,645	431,218
Revenue from services	49,198	44,740
	484,843	475,958

Selected financial information categorized by these business segments as follows:

	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Total
31 March 2025				
Revenues	408,050	31,521	45,272	484,843
Depreciation and amortization	22,124	737	2,113	24,974
Finance cost / (income)	20,726	3,572	(2,444)	21,854
Impairment loss on financial assets	6,456	8,689	-	15,145
Zakat / income tax expense	(6,301)	708	1,020	(4,573)
Share of results of equity-accounted investees	7,852	-	-	7,852
Profit/(loss) for the period	84,675	(19,399)	9,785	75,061
Profit/(loss) attributable to Owners of the Company	84,607	(19,399)	5,617	70,825
Total Assets	3,597,517	513,941	377,570	4,489,028
Total Liabilities	2,298,809	500,918	72,627	2,872,354

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

19. SEGMENT INFORMATION (Continued)

31 March 2024 (Restated-note 21)	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Total
Revenue	391,860	40,502	43,596	475,958
Depreciation and amortization	(17,541)	(1,233)	(2,169)	(20,943)
Finance cost / income	14,724	1,755	(1,501)	14,978
Zakat / income tax expense	5,163	1,527	11	6,701
Share of results of equity accounted investees	5,152	-	-	5,152
Profit / (loss) for the period	49,237	(21,306)	9,856	37,787
Profit / (loss) attributable to Shareholders of the Company	58,209	(21,306)	5,641	42,544
Total Assets	3,346,105	488,932	371,176	4,206,213
Total Liabilities	2,205,951	356,452	83,971	2,646,374

The following table shows the disaggregation of revenues by the primary geographical markets and based on the Group's three strategic divisions, which are its reportable segments.

For the three-month period ended 31 March 2025

Primary geographical markets	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Total
Kingdom of Saudi Arabia	381,434	30,568	45,272	457,274
Middle East	20,486	-	-	20,486
Egypt	-	(6)	-	(6)
Morocco	6,130	-	-	6,130
Algeria	-	959	-	959
	408,050	31,521	45,272	484,843
Timing of revenue recognition				
At a point in time	408,050	31,521	7,837	447,408
Over time	-	-	37,435	37,435
	408,050	31,521	45,272	484,843

For the three-month period ended 31 March 2024

Primary geographical Markets	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Total
Kingdom of Saudi Arabia	346,635	36,307	43,596	426,538
Middle East	40,315	-	-	40,315
Egypt	555	2,191	-	2,746
Morocco	4,355	-	-	4,355
Algeria	-	2,004	-	2,004
	391,860	40,502	43,596	475,958
Timing of revenue recognition				
At a point in time	391,860	40,502	7,064	439,426
Over time	-	-	36,532	36,532
	391,860	40,502	43,596	475,958

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)**

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

20. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent liabilities

As at 31 March 2025, the Group has letters of guarantee amounting to SR 55.4 million (31 December 2024: SR 71.92 million).

In addition, the Group has contingent liability against letter of credit amounting to SR 3.7 million issued in the normal course of business (31 December 2024: SR 4.46 million).

Legal contingencies

Terminated Employees' Legal Cases

There have been labour law claims filed by terminated employees against the Company. The Group is working with external legal counsels to assess the validity and potential liabilities associated with these claims. Due to the inherent uncertainty of litigation, the financial impact on the Group cannot be reliably estimated at this stage. It is important to note that the ultimate resolution of these legal cases, including potential settlements, judgments, or dismissals, may have a material impact on the Group's financial position, results of operations, and cash flows in future reporting periods. The Group will provide updates as significant developments occur or when more information becomes available. While the Group is still vigorously defending these claims amounting to SR 8.8 million, it has recognised a related provision of SR 1.9 million as of 31 March 2025.

Other Legal Contingencies

During normal business operations, some cases arise against the Group and are currently being defended, but the ultimate outcome of these cases cannot be determined with certainty. Management believes that the results of these cases will not have a material impact on the Group's consolidated financial statements for the year ended 31 March 2025.

Status of zakat and income tax assessments

The Company submitted the zakat returns to the Zakat, Tax and Customs Authority (ZATCA) and obtained the zakat certificate till 2024.

During 2023, ZATCA issued the final assessment for 2019 and preliminary assessment for 2020, which resulted in additional liabilities of SR 28.7 million while settling SR 8.6 million and finalizing the 2019 status. The Company has objected against the Zakat assessment of 2020 and the management undertakes to accrue the provision amounting to SR 15.8 million and will continue the objection in front of the General Secretariat of Zakat, Tax and Customs Committees in case the preliminary assessment is not amended by ZATCA.

The Tax and Zakat declarations for the years 2021 and 2022 are currently under review by ZATCA. While draft assessments issued by ZATCA indicate potential additional liabilities of SAR 17.6 million and SAR 0.86 million for 2021 and 2022, respectively, no final assessments have been issued as of the reporting date.

Further, the Company did not receive Zakat assessment for the year 2023 from ZATCA.

All subsidiaries are filing zakat and/or income tax returns regularly as per their country of incorporation regulations and no disputes have been raised which requires additional provisions.

Capital commitments

As at 31 December 2024, the Group has capital commitments for purchase of property, plant and equipment and intangible assets amounting to SR 72.4 million (31 December 2024: SR 65.7 million).

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)**

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

21. PRIOR PERIODS' ADJUSTMENTS AND RECLASSIFICATIONS

During the prior year ended 31 December 2024, the Group discovered certain adjustments and reclassifications that have been corrected by restating each of the affected financial statement line items for prior periods in the consolidated financial statements for the year ended 31 December 2024.

The nature of such adjustments and its corresponding impact on the comparative period presented in the condensed consolidated interim statement of profit or loss for the three-month period ended 31 March 2025 is detailed below:

- A. The Group had due from related parties (non-current) from two of its associates, CAD Middle East Pharmaceutical Company (CAD) and Tassili Arab Pharmaceutical Company (TAPHCO). Management identified that these receivables were not recoverable in the prior periods and accordingly should have been fully impaired in the earlier periods. This has resulted in reversal of impairment loss on financial assets by SR 3 million during the three-month period ended 31 March 2024.
- B. The trade receivables included commercial receivables from a related party of the Group, Tassili Arab Pharmaceutical Company (TAPHCO). The management identified that the Expected Credit Loss (ECL) recognised on these receivables was understated and not performed in accordance with the requirements of IFRS 9 - Financial Instruments. This has resulted in charge of impairment loss on financial assets by SR 1.3 million during the three-month period ended 31 March 2024.
- C. The Group identified that certain assets included under "assets under construction" were available for use in 2023 and prior year(s), however, the management did not account for these assets as per IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets", and did not recognize the depreciation / amortization expenses. The management has calculated the depreciation and amortization on respective assets as per the requirements of applicable accounting standards. This has resulted in restatement of the depreciation and amortization expense of SR 1.1 million during the three-month period ended 31 March 2024.
- D. The Group identified that the oncology/high-potent facility's construction was completed in 2022, meeting the condition to cease borrowing cost capitalization. However, borrowing costs continued to be capitalized beyond this point, which is not in line with the requirement of IAS 23 "Borrowing Costs". This resulted in adjustments to finance costs of SR 0.7 million for the three-month period ended 31 March 2024.
- E. Qassim Medical Services Company ("a subsidiary") had performed the reassessment of the useful life of its hospital building in 2021 wherein the useful life of the building was reassessed from 20 years to 40 years. The Group had received government grant related to this building. During the year ended December 31, 2024, the Group identified that when the reassessment of the useful life of the hospital building was performed, the balance related to government grant was not adjusted. As per the requirement of IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", the amortization period for government grant should have changed from 20 years to 40 years. This has resulted in the adjustments to other income by SR 0.3 million for the three-month period ended 31 March 2024.
- F. The management identified that the Group had entered into a forward agreement in December 2023 to acquire the 15% shares of Dammam Pharmaceuticals (subsidiary) from subsidiary's non-controlling shareholder, Cooper Pharma. The group did not account for this agreement as per the requirement of IFRS 10 "Consolidated Financial Statements". The correction of this error has resulted in adjustment in the loss attributable to non-controlling interest by SR 0.03 million for the three-month period ended 31 March 2024.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three-month period ended 31 March 2025

(All amounts in thousands of Saudi Riyals, unless otherwise stated)

21. PRIOR PERIODS' ADJUSTMENTS AND RECLASSIFICATIONS (Continued)

a) Group reconciliation of Condensed Consolidated Interim Statement of Profit or Loss for the period ended 31 March 2024 (Unaudited):

The following tables summarize the impacts on the condensed consolidated interim financial statements for the three-month period ended 31 March 2024:

	Note	31 March 2024 - as previously reported	Restatements	Reclassi- fications	31 March 2024 (restated)
Continuing Operations					
Revenue		475,403	-	555	475,958
Cost of revenue	C	(223,186)	(850)	(780)	(224,816)
Gross profit		252,217	(850)	(225)	251,142
Selling and marketing expenses		(80,576)	-	(902)	(81,478)
General and administrative expenses	C	(67,053)	(207)	(2,455)	(69,715)
Research and development expenses	C	(17,300)	(84)	-	(17,384)
Other income / (expenses), net	E	(18,986)	(259)	1,700	(17,545)
Impairment loss on financial asset	A, B	(10,674)	1,668	-	(9,006)
Operating loss		57,628	268	(1,882)	56,014
Finance costs	D	(16,790)	(669)	680	(16,779)
Finance income		-	-	1,801	1,801
Share of results of equity-accounted investees		5,152	-	-	5,152
Profit from revaluation of investment at FVTPL		5	-	(5)	-
Profit before zakat and income tax		45,995	(401)	594	46,188
Zakat and income tax		(6,701)	-	-	(6,701)
Profit for the period from continuing operations		39,294	(401)	594	39,487
Discontinued Operations					
Loss from discontinued operations, net of Zakat		594	-	(594)	-
Profit for the period		39,888	(401)	-	39,487
Profit attributable to:					
Shareholders of the Parent Company	A-F	35,609	(262)	-	35,347
Non-controlling interests	F	4,279	(139)	-	4,140
		39,888	(401)	-	39,487

22. SUBSEQUENT EVENTS

There are no subsequent events that require disclosure or amendment to the accompanying condensed consolidated interim financial statements.

23. COMPARATIVE FIGURES

Certain minor comparative figures adjustments have been made to conform with the current period's presentation of these condensed consolidated interim financial statements.

24. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on Dhul Qadah 13, 1446H (corresponding to 11 May 2025).