

**SAUDI PHARMACEUTICAL INDUSTRIES
AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)
Condensed Consolidated Interim Financial Statements (Unaudited)
For the three-month and nine-month periods ended 30 September 2024
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
For the three-month and nine-month periods ended 30 September 2024

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KPMG Professional Services

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

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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 30 September 2024 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 30 September 2024;
- the condensed consolidated statement of profit or loss for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated statement of comprehensive income for the three-month and nine-month periods ended 30 September 2024;
- the condensed consolidated statement of cash flows for the nine-month period ended 30 September 2024;
- the condensed consolidated statement of changes in equity for the nine-month period ended 30 September 2024; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 30 September 2024 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 23 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 year ended 31 December 2023, for the three-month and nine-month periods ended 30 September 2023 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 and nine-month periods ended 30 September 2023, except for the adjustments described in note 23, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 5 November 2023 (corresponding to 21 Rabi Al-Thani 1445H) and the consolidated financial statements of the Group as at and for the year ended 31 December 2023, except for the adjustments described in note 23 to the condensed consolidated interim financial statements, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 31 March 2024 (corresponding to 21 Ramadan 1445H).

KPMG Professional Services



Fahad Mubark Aldossari
License No: 469

Riyadh, 17 November 2024
Corresponding to 15 Jumada al Ula 1446H

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

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

	Note	September 30, 2024 (Unaudited)	December 31, 2023 (Restated – note 23)
ASSETS			
Property, plant and equipment	4	1,239,252	1,271,710
Assets under construction	4	568,499	583,244
Intangible assets	5	85,428	17,066
Right-of-use assets	6	26,982	32,204
Due from related parties (non-commercial)	19.2	-	-
Equity-accounted investees	7	61,243	58,186
Deferred tax assets		30,007	28,602
Total non-current assets		2,011,411	1,991,012
Trade receivables	8	1,284,011	898,337
Inventories	9	604,450	589,208
Due from related parties (non-commercial)	19.2	14,081	2,606
Investments at fair value through profit or loss (FVTPL)	10	475	459
Prepayments and other assets		198,194	169,000
Time deposits		100,000	115,500
Cash and cash equivalents	11	239,732	160,066
		2,440,943	1,935,176
Assets held for sale	12	14,931	22,425
Total current assets		2,455,874	1,957,601
Total assets		4,467,285	3,948,613
EQUITY AND LIABILITIES			
Equity			
Share capital		1,200,000	1,200,000
Statutory reserve		360,685	360,685
Treasury shares	13	(19,937)	(8,002)
Foreign currency translation reserve		(37,148)	(42,032)
Accumulated losses		(31,130)	(79,250)
Equity attributable to the Owners of the Company		1,472,470	1,431,401
Non-controlling interests		154,078	161,382
Total equity		1,626,548	1,592,783
Liabilities			
Loans and borrowings	14	523,660	575,277
Lease liabilities	6	8,684	11,295
Employees' end of service benefit obligations		227,714	282,705
Deferred income		36,745	37,795
Contract liabilities	15.2	44,594	44,132
Total non-current liabilities		841,397	951,204
Loans and borrowings – current portion	14	1,037,194	525,458
Financial guarantees payable		27,500	28,119
Lease liabilities – current portion	6	3,833	7,210
Zakat and income tax payable		53,432	48,450
Trade and other payables		535,552	494,401
Dividends payable		169,731	170,885
Refund liabilities	15.1	168,914	125,498
		1,996,156	1,400,021
Liabilities directly associated with the assets held for sale	12	3,184	4,605
Total current liabilities		1,999,340	1,404,626
Total liabilities		2,840,737	2,355,830
Total equity and liabilities		4,467,285	3,948,613

Faisal Alfadley

Chief Financial Officer

Jerome Cabannes

Chief Executive Officer



Authorized Board Member

The accompanying notes from pages 9 to 29 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 STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the three-month and nine-month periods ended 30 September 2024

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

	Note	For the three-month period ended September 30		For the nine-month period ended September 30	
		2024	2023 (Restated – note 23)	2024	2023 (Restated – note 23)
<u>Continuing operations</u>					
Revenue	21	447,018	381,087	1,295,799	1,320,917
Cost of revenue		(230,376)	(214,788)	(649,538)	(713,456)
Gross profit		216,642	166,299	646,261	607,461
Selling and marketing expenses		(74,693)	(83,471)	(225,412)	(262,184)
General and administrative expenses		(91,617)	(66,430)	(212,791)	(186,868)
Research and development expenses		(12,969)	(7,507)	(43,520)	(31,193)
Impairment loss on trade and other receivables		(16,135)	(324)	(36,099)	(18,609)
Other income / (expenses), net	16	10,955	(27,856)	(2,676)	(38,421)
Operating profit / (loss)		32,183	(19,289)	125,763	70,186
Finance costs		(25,958)	(29,518)	(58,238)	(61,768)
Finance income		2,540	5,353	7,660	10,490
Reversal of financial guarantee provision	17	619	-	619	-
Share of results of equity-accounted investees	7	6,718	6,718	16,242	20,222
Profit from revaluation of investment at fair value through profit or loss	10	5	6	16	34
Profit / (loss) before zakat and income tax		16,107	(36,730)	92,062	39,164
Zakat and income tax		(17,058)	(4,373)	(22,991)	(16,326)
(Loss) / profit for the period from continuing operations		(951)	(41,103)	69,071	22,838
<u>Discontinued operations</u>					
Loss from discontinued operations, net of zakat	12	(5,185)	(1,845)	(1,283)	(4,932)
(Loss) / profit for the period		(6,136)	(42,948)	67,788	17,906
(Loss) / profit attributable to:					
Shareholders of the Parent Company		(8,029)	(45,519)	60,699	13,603
Non-controlling interests		1,893	2,571	7,089	4,303
		(6,136)	(42,948)	67,788	17,906
(Loss) / earning per share					
Basic and diluted (SR)	18	(0.07)	(0.38)	0.51	0.11
Continuing operations					
Basic and diluted (SR)		(0.03)	(0.36)	0.52	0.15
Discontinued operations					
Basic and diluted (SR)		(0.04)	(0.02)	(0.01)	(0.04)

Faisal Alfadley

Chief Financial Officer

Jerome Cabannes

Chief Executive Officer



Authorized Board Member

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SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2024
(All amounts in thousands of Saudi Riyals, unless otherwise stated)

	<u>For the three-month period ended September 30</u>		<u>For the nine-month period ended September 30</u>	
	<u>2024</u>	<u>2023</u> (Restated – note 23)	<u>2024</u>	<u>2023</u> (Restated – note 23)
(Loss) / profit for the period	(6,136)	(42,948)	67,788	17,906
<u>Other comprehensive income / (loss)</u>				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	<u>4,233</u>	<u>(6,529)</u>	<u>4,884</u>	<u>(19,949)</u>
Other comprehensive income / (loss) for the period	<u>4,233</u>	<u>(6,529)</u>	<u>4,884</u>	<u>(19,949)</u>
Total comprehensive (loss) / income for the period	<u>(1,903)</u>	<u>(49,477)</u>	<u>72,672</u>	<u>(2,043)</u>
Total comprehensive (loss) / income attributable to:				
Shareholders of the Parent Company	<u>(3,796)</u>	<u>(52,048)</u>	<u>65,583</u>	<u>(6,346)</u>
Non-controlling interests	<u>1,893</u>	<u>2,571</u>	<u>7,089</u>	<u>4,303</u>
	<u>(1,903)</u>	<u>(49,477)</u>	<u>72,672</u>	<u>(2,043)</u>

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Jerome Cabannes

Chief Executive Officer



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

(A Saudi Joint Stock Company)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine-month period ended 30 September 2024

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

	Share capital	Statutory reserve	General reserve	Consensual reserve	Treasury Shares	Foreign currency translation reserve	Accumulated losses	Equity attributable to the Shareholders of the Company	Non-controlling interests	Total equity
Balance as at 1 January 2023	1,200,000	360,685	150,000	34,710	-	(26,785)	(179,102)	1,539,508	153,596	1,693,104
Impact of restatement (Restated note 23a)	-	-	-	-	-	-	(51,263)	(51,263)	-	(51,263)
Balance as at 1 January 2023 (Restated)	1,200,000	360,685	150,000	34,710	-	(26,785)	(230,365)	1,488,245	153,596	1,641,841
Profit for the period (Restated note 23c)	-	-	-	-	-	-	13,603	13,603	4,303	17,906
Other comprehensive loss for the period	-	-	-	-	-	(19,949)	-	(19,949)	-	(19,949)
Total comprehensive loss	-	-	-	-	-	(19,949)	13,603	(6,346)	4,303	(2,043)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(2,287)	(2,287)
Acquisition of non-controlling interests	-	-	-	-	-	-	(6,179)	(6,179)	-	(6,179)
Balance as at 30 September 2023	1,200,000	360,685	150,000	34,710	-	(46,734)	(222,941)	1,475,720	155,612	1,631,332
-										
Balance as at 31 December 2023	1,200,000	360,685	-	-	(8,002)	(42,032)	(4,002)	1,506,649	161,382	1,668,031
Impact of restatement (note 23b)	-	-	-	-	-	-	(75,248)	(75,248)	-	(75,248)
Balance as at 1 January 2024 (Restated) (note 23b)	1,200,000	360,685	-	-	(8,002)	(42,032)	(79,250)	1,431,401	161,382	1,592,783
Profit for the period	-	-	-	-	-	-	60,699	60,699	7,089	67,788
Other comprehensive income for the period	-	-	-	-	-	4,884	-	4,884	-	4,884
Total comprehensive income	-	-	-	-	-	4,884	60,699	65,583	7,089	72,672
Purchase of treasury shares	-	-	-	-	(11,935)	-	-	(11,935)	-	(11,935)
Acquisition of non-controlling interest without a change in control (note 1.1)	-	-	-	-	-	-	(12,579)	(12,579)	(14,393)	(26,972)
Balance as at 30 September 2024	1,200,000	360,685	-	-	(19,937)	(37,148)	(31,130)	1,472,470	154,078	1,626,548

Faisal Alfadley

Chief Financial Officer

Jerome Cabannes

Chief Executive Officer



Authorized Board Member

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2024

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

	September 30, 2024	September 30, 2023 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat and income tax from continuing operations	92,062	39,164
Loss before zakat from discontinued operations	(1,283)	(4,932)
	90,779	34,232
Adjustments for:		
Depreciation of property, plant and equipment	49,502	52,649
Depreciation on right-of-use assets	5,518	3,512
Assets under construction written off	1,283	2,372
Intangible assets written-off	8	47
Amortization of intangible assets	6,884	5,326
Share of results of equity accounted investees	(16,242)	(20,222)
Gain on disposal of property, plant, and equipment	(898)	(6,351)
Provision for sales/services discounts and returns	43,878	149,797
Provision for net realizable value loss	3,344	7,236
Fair value gain from investment at FVTPL	(16)	(34)
Impairment charge on trade receivables	36,098	18,611
Provision for employees' end-of-services benefits	23,460	38,484
Reversal of financial guarantee provision	(619)	-
Amortization of deferred income	(1,049)	(1,164)
Reversal of provision for terminated employees' claims	(6,983)	31,195
Finance costs, net	50,578	51,278
	285,525	366,968
Changes in working capital :		
Inventories	(17,764)	(42,733)
Trade receivables	(421,079)	(368,918)
Due from related parties (non-commercial)	1,710	10,200
Prepayments and other assets	(29,443)	(14,845)
Trade and other payables	45,486	82,248
Cash (used in) / generated from operating activities	(135,565)	32,920
Finance costs paid, net	(51,669)	(43,258)
Zakat and income tax paid	(19,338)	(28,347)
Employees' end-of-service benefit obligations paid	(85,625)	(49,470)
Net cash used in operating activities	(292,197)	(88,155)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(11,275)	(5,761)
Additions to intangible assets	(4,893)	(377)
Divestments / (additions) in time deposits	15,500	(55,500)
Proceeds from sale of property, plant and equipment	4,232	-
Additions in asset under construction	(49,035)	(66,512)
Net cash used in investing activities	(45,471)	(128,150)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans and borrowings	727,321	1,461,452
Repayment of loans and borrowings	(267,202)	(1,435,116)
Net changes in deferred income	-	3,894
Payments of lease liabilities	(6,668)	(3,459)
Dividends paid	(1,154)	(336)
Acquisition of / net changes in non-controlling interest	(26,972)	(2,287)
Purchase of treasury shares	(11,935)	-
Net cash generated from financing activities	413,390	24,148
Net changes in cash and cash equivalents during the period	75,722	(192,157)
Foreign currency translation adjustments	1,979	(7,976)
Cash and cash equivalents at the beginning of the period	163,090	335,349
Cash and cash equivalents at the end of the period	240,791	135,216

Faisal Alfadley

Chief Financial Officer

Jerome Cabannes

Chief Executive Officer



Authorized Board Member

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the nine-month period ended 30 September 2024

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

	September 30, 2024	September 30, 2023 (Restated)
<u>Major non-cash transactions:</u>		
Additions to right-of-use assets and lease liabilities	-	377
Borrowing cost capitalized	10,525	3,820
Transfers from assets under construction	71,074	208,719

Faisal Alfadley

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Jerome Cabannes

Chief Executive Officer



Authorized Board Member

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

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

(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 nine-month period ended 30 September 2024 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.

The Company operates through the following branches in the Kingdom of Saudi Arabia:

<u>Branch Commercial Registration No.</u>	<u>Date of registration</u>	<u>City</u>
2051019548	26/04/1414H	Khobar
1010134224	02/11/1415H	Riyadh
4030086146	12/09/1412H	Jeddah
2050033516	23/11/1418H	Dammam
2051058378	15/10/1435H	Khobar
4031222626	05/06/1440H	Makkah
4650207091	05/06/1440H	Medina

1.1 Subsidiaries

<u>Name of subsidiary</u>	<u>Principal activities</u>	<u>Country of incorporation</u>	<u>Effective shareholding</u>	
			<u>September 30, 2024</u>	<u>December 31, 2023</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 (c)	Pharmaceutical manufacturer	Saudi Arabia	100%	85%
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 (d) & (e)	Pharmaceutical manufacturer	Egypt	90.59%	90.59%
SPIMACO Morocco for Pharmaceutical Industries (f)	Pharmaceutical manufacturer	Morocco	78.68%	72.54%

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

(A Saudi Joint Stock Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine-month period ended 30 September 2024

(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 300 thousand, and it is 99% owned by ARAC Healthcare Company (a wholly owned subsidiary of SPIMACO Group). On November 17, 2021, the shareholders of ANORA Trading Company (a subsidiary Limited Liability 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 liquidated financial statements are expected to be issued by the end of 2024 after which, the liquidation process shall be concluded with the Ministry of Commerce (MOC) and ZATCA.
- (c) In 2023, Saudi Pharmaceutical Industries and Medical Appliances Corporation (“SPIMACO – ADDWAEIH”) (“Parent Company”) acquired full ownership in Dammam Pharmaceutical Company through an agreement dated December 14, 2023. By virtue of this agreement, SPIMACO – ADDWAEIH purchased a 15% stake in Dammam Pharmaceutical Company for SR 27 million, from the Moroccan Pharmaceutical Company “Cooper Pharma”. In parallel, SPIMACO - ADDWAEIH, as part of its asset consolidation initiative, transferred 20% of Dammam Pharmaceutical Company equity interest from its wholly owned subsidiary “ARAC Healthcare Company (ARAC)”, to SPIMACO - ADDWAEIH. The arrangements and associated legal procedures were completed in April 2024.
- (d) On August 4, 2022, SPIMACO Misr for Pharmaceutical Industries increased the paid-up share capital from 100,000 shares to 225,000 shares. The Company subscribed to the additional shares bringing the revised percentage holding to 78.51%. On September 19, 2023, the Company concluded the purchase of additional shares in SPIMACO Misr for Pharmaceutical Industries for a cash consideration of SR 6.6 million bringing the revised percentage holding to 90.59%.
- (e) On 14 November 2023, the Group decided to acquire a 68% equity stake in a Swiss-based pharmaceutical company, Osmopharm S.A. (“Osmopharm”), while divesting a shareholding of 76.4% in SPIMACO Misr for Pharmaceutical Industries (“SPIMACO Misr”). The transaction, with a total value of SR 16.1 million, involves a share swap supplemented with a cash consideration and is expected to be completed by the end of 2024, contingent on regulatory approvals. The Board of Directors of both companies have approved the share swap. Accordingly, the management classified SPIMACO Misr for Pharmaceutical Industries as a discontinued operation.
- (f) On September 18, 2023, the Group decided to increase the share capital of SPIMACO Morocco by increasing the nominal value of each share with the additional capital amounting to 163.4 million Moroccan Dirham. The management of SPIMACO Morocco received this amount in January 2024. The final and legal formalities were completed in August 2024 to increase the share capital of SPIMACO Morocco, bringing the revised percentage holding to 78.68% from the previous holding of 72.54%.

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

1.2 Associates and joint venture

Name	Principal activities	Country of incorporation	Effective shareholding	
			September 30, 2024	December 31, 2023
Arabian Medical Products Manufacturing Company (ENAYAH) – Joint venture	Manufacturing of healthcare products Active Pharmaceutical	Saudi Arabia	51%	51%
CAD Middle East Pharmaceutical Company (CAD) – Associate	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 2023 (“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 Investment in associates and joint ventures are measured using equity method accounting.

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.

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2. BASIS OF PREPARATION (CONTINUED)

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.

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 2023 ("last annual financial statements"), except for the application of the new standards that became effective on January 1, 2024. 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 no new standards issued; however, there are number of amendments to standards which are effective from 1 January 2024 and have been explained in the Group's annual consolidated financial statements, but they do not have a material effect on the Group's condensed consolidated interim financial statements. The Group did not early adopt any other standard, interpretation or amendment issued but not yet effective.

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4. PROPERTY, PLANT AND EQUIPMENT AND ASSETS UNDER CONSTRUCTION

	Property, Plant and Equipment (PPE)		Assets under Construction (AUC)	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Cost:				
Opening balance	2,282,427	2,000,559	583,244	790,217
Additions	11,275	6,707	59,561	104,710
Disposals	(256)	(5,073)	-	-
Written off	-	-	(1,283)	-
Transfer in / (out)	1,701	307,043	(71,074)	(307,043)
Reclassification	2,340	-	(4,550)	-
Foreign currency translation	708	(3,083)	2,601	(3,332)
Attributable to discontinued operations	-	(23,726)	-	(1,308)
Closing balance	2,298,195	2,282,427	568,499	583,244
Accumulated depreciation:				
Opening balance	1,010,717	960,591	-	-
Charge for the period	49,307	64,565	-	-
Disposals during the period	(125)	(3,923)	-	-
Reclassification	(1,223)	-	-	-
Foreign currency translation	267	(1,072)	-	-
Attributable to discontinued operations	-	(9,444)	-	-
Closing balance	1,058,943	1,010,717	-	-
Net book value	1,239,252	1,271,710	568,499	583,244

5. INTANGIBLE ASSETS

	September 30, 2024	December 31, 2023
Cost:		
Opening balance	106,637	183,624
Additions	4,893	5,938
Written-off	(8)	(49)
Transfer from assets under construction (a)	69,373	-
Reclassification	2,209	-
Foreign currency translation	6	(2)
Attributable to discontinued operations	-	(82,874)
Closing balance	183,110	106,637
Accumulated amortization:		
Opening balance	89,571	163,032
Charge for the period/year	6,884	9,417
Written-off	-	(1)
Reclassification	1,223	-
Foreign currency translation	4	(3)
Attributable to discontinued operations	-	(82,874)
Closing balance	97,682	89,571
Net book value	85,428	17,066

- (a) The intangible assets held by the group increased primarily as a result of the capitalization of software during the period amounting to SR 56.2 million.

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use (ROU) assets

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Opening balance	32,204	35,200
Additions	-	1,874
Foreign currency translation	296	(305)
Depreciation charge for the period/year	<u>(5,518)</u>	<u>(4,565)</u>
Closing balance	<u>26,982</u>	<u>32,204</u>

Lease liabilities

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Opening balance	18,505	24,951
Additions	-	1,569
Adjustment	-	1,319
Finance cost	680	824
Payments for the period/year	<u>(6,668)</u>	<u>(10,158)</u>
Closing balance	<u>12,517</u>	<u>18,505</u>
Current portion	<u>3,833</u>	<u>7,210</u>
Non-current portion	<u>8,684</u>	<u>11,295</u>

7. EQUITY-ACCOUNTED INVESTEEES

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Opening balance	58,186	46,526
Dividends	(13,185)	(8,752)
Share of result for the period/year	16,242	19,995
Share of OCI for the period/year	-	417
Closing balance	<u>61,243</u>	<u>58,186</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Arabian Medical Products Manufacturing Company (ENAYAH) - Joint Venture	61,243	58,186
Tassili Arab Pharmaceutical Company (TAPHCO) - Associate Company	-	-
CAD Middle East Pharmaceutical Company- Associate Company	-	-
	<u>61,243</u>	<u>58,186</u>

8. TRADE RECEIVABLES

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Trade receivables	1,344,771	975,765
Less: Impairment provision	<u>(98,639)</u>	<u>(112,854)</u>
	1,246,132	862,911
Due from related parties (Note 19.2) – net of provision	<u>37,879</u>	<u>35,426</u>
	<u>1,284,011</u>	<u>898,337</u>

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8. TRADE RECEIVABLES (CONTINUED)

The movement in impairment provision is as follows:

	<u>September 30, 2024</u>	<u>December 31, 2023</u> (Restated-note 23)
Opening balance	112,854	154,005
Charge for the period / year	33,027	13,933
Written-off	(47,582)	(55,275)
Attributable to discontinued operations	-	(20)
Effect of foreign currency translation	340	211
Closing balance	98,639	112,854

9. INVENTORIES

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Finished goods	381,225	375,681
Raw material	235,892	214,046
Work-in-progress	25,077	33,221
Stores and spares	28,857	27,564
Goods-in-transit	1,054	2,933
	<u>672,105</u>	<u>653,445</u>
Less: Provision for net realizable value (NRV) loss	(67,655)	(64,237)
	<u>604,450</u>	<u>589,208</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Opening balance	64,237	35,913
Charge for the period / year	3,344	49,808
Written-off	(95)	(20,178)
Effect of foreign currency translation	169	(996)
Attributable to discontinued operations	-	(310)
	<u>67,655</u>	<u>64,237</u>

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Opening balance	459	420
Fair value gain	16	39
Closing balance	<u>475</u>	<u>459</u>

11. CASH AND CASH EQUIVALENTS

For the purposes of preparing the condensed consolidated statement of cash flows, total cash and cash equivalents consist of the following:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Cash in hand	563	788
Cash at bank	238,375	126,061
Short term deposits	794	33,217
	<u>239,732</u>	<u>160,066</u>
Cash and cash equivalents from discontinued operations (note 12)	1,059	3,024
	<u>240,791</u>	<u>163,090</u>

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12. ASSETS HELD FOR SALE / DISCONTINUED OPERATIONS

As disclosed in note 1.1(b) and note 1.1(e), the Group resolved to voluntarily liquidate ANORA Trading Company and divest its equity stake in SPIMACO Misr. Accordingly, the management classified SPIMACO Misr as discontinued operations. The results of the operations of SPIMACO Misr. for the current and previous periods have been presented in the condensed consolidated statement of profit or loss as follows:

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Revenue	966	1,528
Cost of revenue	(1,461)	(2,587)
Gross loss	(495)	(1,059)
Selling and marketing expenses	(760)	(1,118)
General and administrative expenses	(169)	(343)
Other income / (expense)	1	(2,218)
Operating loss	(1,423)	(4,738)
Finance income / (cost)	140	(194)
Loss before zakat and income tax	(1,283)	(4,932)
Zakat and income tax	-	-
Loss for the period	(1,283)	(4,932)
Loss per share - Basic and diluted (SR)	(0.01)	(0.04)

The following is the statement of the main classes of assets and liabilities of SPIMACO Misr as discontinued operations:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Assets		
Property, plant, and equipment	12,192	15,589
Inventories	1,114	2,105
Trade receivables	313	1,346
Prepayment and other assets	253	361
Cash and cash equivalents	1,059	3,024
Assets held for sale	14,931	22,425
Liabilities		
Contract liabilities	1,275	1,268
Trade and other payables	1,355	2,427
Deferred tax liability	554	910
Liabilities directly associated with the assets held for sale	3,184	4,605

The following is the statement of cash flows incurred by SPIMACO Misr:

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Operating activities	(769)	(1,854)
Investing activities	2	(17)
Financing activities	-	(3,286)
Net changes in cash and cash equivalents during the period	(767)	(5,157)

During the current period, there was no impairment in the carrying value of the assets directly related to the discontinued operations. There are no transactions in ANORA Trading Company for the period ended 30 September 2024.

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13. 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 for an amount of SR 19.94 million to be allocated to the Employees' Long-term Incentives Program and be granted to high-performing executive 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. As of 30 September 2024, the program has not yet been launched.

14. LOANS AND BORROWINGS

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Islamic financing	981,441	421,425
Government loans	55,753	101,982
Short-term loans	-	2,051
	<u>1,037,194</u>	<u>525,458</u>
<u>Non-Current</u>		
Islamic financing	497,560	545,431
Government loans	26,100	29,846
	<u>523,660</u>	<u>575,277</u>

During the period ended September 30, 2024, the Group capitalized financing costs amounting to SR 10.6 million (December 31, 2023: SR 4.6 million).

During the period ended September 30, 2024, the Group obtained additional loans amounting to SR 727.3 million (December 31, 2023: SR 1,493 million) and repaid loans amounting to SR 267.2 million (December 31, 2023: SR 1,449 million)

15. REFUND LIABILITIES AND CONTRACT LIABILITIES

15.1 Refund Liabilities

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Sales/services discounts provision:		
Opening balance	103,289	25,909
Discounts provision against sales / services	288,522	230,905
Actual discounts adjustment during the period/year	(255,609)	(153,525)
Closing balance	<u>136,202</u>	<u>103,289</u>
Sales returns:		
Opening balance	22,209	19,483
Charge for the period/year	10,503	2,957
Adjusted during the period/year	-	(231)
Closing balance	<u>32,712</u>	<u>22,209</u>
Total refund liabilities	<u>168,914</u>	<u>125,498</u>

15.2 Contract Liabilities

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Contract liabilities	<u>44,594</u>	<u>44,132</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.

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16. OTHER INCOME / (EXPENSES) - NET

	For the three-months period ended		For the nine-months period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Amortization of deferred income	274	389	1,049	1,164
Terminated employees' legal claims (note 16.1)	4,332	(31,195)	6,983	(31,195)
Foreign exchange gain / (loss)	3,095	(2,386)	(11,187)	(11,571)
Others	3,254	5,336	479	3,181
	10,955	(27,856)	(2,676)	(38,421)

16.1 In 2023, there have been labour law claims filed by terminated employees against the Group. The Group is working with external legal counsels to assess the validity and potential liabilities associated with these claims. Based on the opinion obtained from 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 labour 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 condensed consolidated statement of profit or loss. 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 22.

17. REVERSAL OF FINANCIAL GUARANTEE PROVISION

Financial guarantee amounting to SR 0.62 million was adjusted due to subsequent remeasurement of the provision.

18. (LOSS) / EARNING PER SHARE

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2024	2023	2024	2023
(Loss) / profit for the period attributable to ordinary shareholders of the Company	(8,029)	(45,519)	60,699	13,603
Weighted average number of ordinary shares	119,632,042	120,000,000	119,632,042	120,000,000
(Loss) / earning per share – basic and diluted (SR)	(0.07)	(0.38)	0.51	0.11

There is no dilutive effect on the basic earnings 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 outstanding ordinary shares during the period.

19. 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.

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19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

19.1 Transactions

Name of related parties	Relationship	Nature of transactions	September 30, 2024	September 30, 2023
CAD Middle East Pharmaceutical Co.		Expenses	15,253	13,692
	Associate	Purchases	-	4,359
Arabian Medical Products Manufacturing Co. (ENAYAH)	Joint Venture	Dividends	13,185	10,200
Arab Company for Drugs Industries and Medical Appliances (ACDIMA) (a)	Shareholder	Research cost	979	-
Tassili Arab Pharmaceutical Co. (TAPHCO)	Associate	Revenue	2,393	3,869

(a) This represents bioequivalence study cost for pharmaceutical products under research and development.

19.2 Due from related parties

Related party	Nature of balance	September 30, 2024	December 31, 2023 (Restated-note 23)
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	14,081	2,606
CAD Middle East Pharmaceutical Co.	Commercial	3,071	-
Tassili Arab Pharmaceutical Co. (TAPHCO) (Note 8)	Commercial	37,879	35,426
		130,058	113,059
Less: impairment allowance		(78,098)	(75,027)
		51,960	38,032

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

	September 30, 2024	December 31, 2023 (Restated-note 23)
Opening balance	75,027	52,964
Charge for the period/year	3,071	22,063
Closing balance	78,098	75,027

As at 30 September 2024, SAR 37.24 million (31 December 2023: SR 35.485 million) included in trade and other payables is balance due to TAPHCO (a related party).

Remuneration of key management personnel

	September 30, 2024	September 30, 2023
Remuneration of key management personnel	14,123	17,008

Compensation of key management personnel consists of salaries, benefits, end-of-service benefits and other provisions.

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20. 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.

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.

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20. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category

September 30, 2024	Total	At amortized cost	At Fair value through P/L	Fair value - Level 1
Financial assets				
Investments at fair value through profit or loss (FVTPL)	475	-	475	475
Trade receivables	1,284,324	1,284,324	-	-
Due from related parties (non-commercial)	14,081	14,081	-	-
Time deposits	100,000	100,000	-	-
Cash and cash equivalents	240,791	240,791	-	-
Total financial assets	1,639,671	1,639,196	475	475

Financial liabilities

Non-current:

Loans and borrowings	523,660	523,660	-	-
Lease liabilities	8,684	8,684	-	-

Current:

Loans and borrowings	1,037,194	1,037,194	-	-
Financial guarantee payable	27,500	27,500	-	-
Trade and other payables	534,964	534,964	-	-
Lease liabilities	3,833	3,833	-	-
Dividends payable	169,731	169,731	-	-
Total financial liabilities	2,305,566	2,305,566	-	-

December 31, 2023 (Restated)	Total	At amortized cost	At fair value through P/L	Fair value – Level 1
Financial assets				
Investments at fair value through profit or loss (FVTPL)	459	-	459	459
Trade receivables	899,683	899,683	-	-
Due from related parties (non-commercial)	2,606	2,606	-	-
Time deposits	115,500	115,500	-	-
Cash and cash equivalents	163,090	163,090	-	-
Total financial assets	1,181,338	1,180,879	459	459

Financial liabilities

Non-current:

Loans and borrowings	575,277	575,277	-	-
Lease liabilities	11,295	11,295	-	-

Current:

Loans and borrowings	525,458	525,458	-	-
Trade and other payables	494,331	494,331	-	-
Lease liabilities	7,210	7,210	-	-
Dividends payable	170,885	170,885	-	-
Total financial liabilities	1,784,456	1,784,456	-	-

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21. 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. Discontinued operations represent entities under liquidation as disclosed in note 12.

The Group is organized into business units based on its products and services and has four 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, healthcare services and discontinued operations.

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.

Revenues

Type of revenue	For the three-month period ended		For the nine-month period ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	Revenue from sale of products	407,132	343,180	1,169,134
Revenue from services	39,886	37,907	126,665	122,964
	<u>447,018</u>	<u>381,087</u>	<u>1,295,799</u>	<u>1,320,917</u>

Selected financial information as at September 30, 2024, and September 30, 2023, and for the period then ended, categorized by these business segments, is as follows:

September 30, 2024	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Discontinued Operation	Total
Revenues	1,040,000	131,776	124,023	966	1,296,765
Depreciation and amortization	(49,839)	(5,294)	(6,576)	(195)	(61,904)
Share of results of equity-accounted investees	16,242	-	-	-	16,242
Profit/(loss) for the period	134,609	(84,760)	19,222	(1,283)	67,788
Profit/(loss) attributable to Owners of the Company	135,621	(84,760)	11,000	(1,162)	60,699
Total Assets	3,637,784	452,140	362,430	14,931	4,467,285
Total Liabilities	2,341,853	429,599	66,101	3,184	2,840,737

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21. SEGMENT INFORMATION (CONTINUED)

September 30, 2023 (Restated-note 23)

	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Discontinued Operation	Total
Revenue	1,082,814	119,437	118,666	1,528	1,322,445
Depreciation and amortization	(54,838)	(1,679)	(4,124)	(846)	(61,487)
Share of results of equity accounted investees	20,222	-	-	-	20,222
Profit / (loss) for the period	52,801	(48,625)	18,662	(4,932)	17,906
Profit / (loss) attributable to Shareholders of the Company	55,947	(48,625)	10,680	(4,399)	13,603
Total Assets	3,254,465	484,136	289,921	28,998	4,057,520
Total Liabilities	2,033,121	321,077	68,307	3,683	2,426,188

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

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Primary geographical markets	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Discontinued Operation	Total
Kingdom of Saudi Arabia	894,054	122,751	124,023	-	1,140,828
Middle East	120,967	-	-	-	120,967
Egypt	2,103	2,335	-	966	5,404
Morocco	20,496	-	-	-	20,496
Algeria	2,380	6,690	-	-	9,070
	1,040,000	131,776	124,023	966	1,296,765
Timing of revenue recognition					
At a point in time	1,040,000	131,776	43,582	966	1,216,324
Over time	-	-	80,441	-	80,441
	1,040,000	131,776	124,023	966	1,296,765

For the nine-month period ended September 30, 2023

Primary geographical Markets	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Discontinued Operations	Total
Kingdom of Saudi Arabia	952,938	108,498	118,666	-	1,180,102
Middle East	112,725	-	-	-	112,725
Egypt	-	4,410	-	1,528	5,938
Morocco	17,151	-	-	-	17,151
Algeria	-	6,529	-	-	6,529
	1,082,814	119,437	118,666	1,528	1,322,445
Timing of revenue recognition					
At a point in time	1,082,814	119,437	44,286	1,528	1,248,065
Over time	-	-	74,380	-	74,380
	1,082,814	119,437	118,666	1,528	1,322,445

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22. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at September 30, 2024, the Group has letters of guarantee amounting to SR 191.15 million (December 31, 2023: SR 192.51 million).

In addition, the Group has contingent liability against letter of credit amounting to SR 17.95 issued in the normal course of business (December 31, 2023: SR 9.78 million).

Legal contingencies

Terminated Employees' Legal Cases

As mentioned in note 16.1, 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, it has recognised a related provision of SR 2.5 million as of 30 September 2024.

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 condensed consolidated interim financial statements for the period ended September 30, 2024.

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 2023.

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 necessary provision and will continue the objection in front of the General Secretariat of Zakat, Tax and Customs Committees (GSTC) in case the preliminary assessment is not amended by ZATCA. The Company has not yet received the final assessment from ZATCA for the years 2021 and 2022. 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 30 September 2024, the Group has capital commitments amounting to SR 47.65 million (December 31, 2023: SR 142.55 million).

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23. CORRECTION OF PRIOR PERIOD ERRORS

During the period ended 30 September 2024 the Group has found the following errors:

- A. The Group had non-commercial receivables from two of its associates, CAD Middle East Pharmaceutical Company (CAD) and Tassili Arab Pharmaceutical Company (TAPHCO). During the current period, management identified that the Expected Credit Loss (ECL) calculations for these receivables were not performed in accordance with the requirements of IFRS 9 – Financial Instruments. As a result, management has restated the ECL balances for the comparative period, leading to adjustments in opening accumulated losses, impairment loss on trade and other receivables for the comparative periods, and the balances due from related parties (non-commercial).
- B. During the current period, the Group identified that the Expected Credit Loss (ECL) provision for trade and other receivables was not appropriately calculated in accordance with the requirements of IFRS 9. The management has addressed this error by recalculating the ECL provision. This has resulted in the changes in opening accumulated losses, impairment loss on trade and other receivables for the comparative periods as well as the balance of trade and other receivables.

In addition to the above certain reclassification adjustments have been made to the financial statements. These reclassifications do not have any impact on the statement of profit and loss and other comprehensive income. These have been indicated as “reclassification” in the following table.

- C. During the period, the Group identified that the recoverable VAT balance from ZATCA was incorrectly classified as Trade and other receivables. Management has classified these under Prepayments and other assets to conform with the current period’s presentation.
- D. During the period, the Group identified that dividend payable was incorrectly classified to Trade and other payables. Management has classified these payables under Dividend payable.

The above had an impact on the reported amounts during the earlier periods i.e. the three-month and nine-month periods ended 30 September 2023 and for the year ended 31 December 2023. Additionally, this also impacted the opening balances for 1 January 2023 (not presented here) as well as 31 December 2023.

Accordingly, the above errors have been corrected by restating/reclassifying each of the affected financial statement line items for prior periods as follows:

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23. CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

a) Group reconciliation of Statement of Financial Position as at 31 December 2023:

	December 31, 2023 (audited) - As previously reported	Restatements (A, B)	Reclassification (C, D)	January 1, 2024 (restated)
ASSETS	Note			
Property, plant and equipment		1,271,710	-	1,271,710
Assets under construction		583,244	-	583,244
Intangible assets		17,066	-	17,066
Right-of-use assets		32,204	-	32,204
Due from related parties	A	57,564	(57,564)	-
Equity-accounted investees		58,186	-	58,186
Deferred tax assets		28,602	-	28,602
Total non-current assets		2,048,576	(57,564)	1,991,012
Inventories		589,208	-	589,208
Trade and other receivables	B, C	921,487	(17,684)	(5,466)
Due from related parties (non-commercial)		2,606	-	2,606
Investments at fair value through profit or loss		459	-	459
Prepayments and other assets	C	163,534	-	5,466
Time deposits		115,500	-	115,500
Cash and cash equivalents		160,066	-	160,066
		1,952,860	(17,684)	-
Assets held for sale		22,425	-	22,425
Total current assets		1,975,285	(17,684)	1,957,601
Total assets		4,023,861	(75,248)	3,948,613
EQUITY AND LIABILITIES				
Equity				
Share capital		1,200,000	-	1,200,000
Statutory reserve		360,685	-	360,685
General reserve		-	-	-
Consensual reserve		-	-	-
Treasury Shares		(8,002)	-	(8,002)
Foreign currency translation reserve		(42,032)	-	(42,032)
Retained earnings/(Accumulated losses)	A, B	(4,002)	(75,248)	-
Equity attributable to the Owners of the Company		1,506,649	(75,248)	1,431,401
Non-controlling interests		161,382	-	161,382
Total equity		1,668,031	(75,248)	1,592,783
Liabilities				
Loans and borrowings		575,277	-	575,277
Lease liabilities		11,295	-	11,295
Employees' end of service benefit obligations		282,705	-	282,705
Deferred income		37,795	-	37,795
Contract liabilities		44,132	-	44,132
Total non-current liabilities		951,204	-	951,204
Loans and borrowings – current portion		525,458	-	525,458
Financial guarantees payable		28,119	-	28,119
Lease liabilities – current portion		7,210	-	7,210
Zakat and income tax payable		48,450	-	48,450
Trade and other payables	D	506,992	-	(12,591)
Dividends payable	D	158,294	-	12,591
Contract liabilities		125,498	-	125,498
		1,400,021	-	1,400,021
Liabilities directly associated with the assets held for sale		4,605	-	4,605
Total current liabilities		1,404,626	-	1,404,626
Total liabilities		2,355,830	-	2,355,830
Total equity and liabilities		4,023,861	(75,248)	3,948,613

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23. CORRECTION OF PRIOR PERIOD ERROR (CONTINUED)

b) Group reconciliation of Statement of Profit or Loss for the period ended 30 September 2023:

	Note	For the three-month period ended September 30		
		Balance reported for the period ended 30 September 2023 (Unaudited)	Adjustment	Balance for the period ended 30 September 2023 (Restated)
Continuing Operations				
Revenue		381,087	-	381,087
Cost of revenue		(214,788)	-	(214,788)
Gross profit		166,299	-	166,299
Selling and marketing expenses		(83,471)	-	(83,471)
General and administrative expenses		(66,430)	-	(66,430)
Research and development expenses		(7,507)	-	(7,507)
Impairment reversal / (loss) on trade and other receivables	A, B	4,224	(4,548)	(324)
Other expenses, net		(27,856)	-	(27,856)
Operating loss		(14,741)	(4,548)	(19,289)
Finance costs		(24,165)	-	(24,165)
Share of profit of equity-accounted investees		6,718	-	6,718
Profit from revaluation of investment at fair value through profit or loss		6	-	6
Loss before zakat and income tax		(32,182)	(4,548)	(36,730)
Zakat and income tax		(4,373)	-	(4,373)
Loss for the period from continuing operations		(36,555)	(4,548)	(41,103)
Discontinued Operations				
Loss from discontinued operations, net of Zakat		(1,845)	-	(1,845)
Loss for the period		(38,400)	(4,548)	(42,948)
(Loss) / profit attributable to:				
Shareholders of the Parent		(40,971)	(4,548)	(45,519)
Non-controlling interests		2,571	-	2,571
		(38,400)	(4,548)	42,948
(Loss) / earning per share				
Basic and diluted (SR)		(0.34)	(0.04)	(0.38)
Continuing operations				
Basic and diluted (SR)		(0.32)	(0.04)	(0.36)
Discontinued operations				
Basic and diluted (SR)		(0.02)	-	(0.02)

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23. CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

c) Group reconciliation for the Statement of Profit or Loss for the period ended 30 September 2023:

	Note	For the nine-month period ended September 30, 2023		
		Balance reported for the period ended 30 September 2023 (Unaudited)	Adjustment	Balance for the period ended 30 September 2023 (Restated)
Continuing Operations				
Revenue		1,320,917	-	1,320,917
Cost of revenue		(713,456)	-	(713,456)
Gross profit		607,461	-	607,461
Selling and marketing expenses		(262,184)	-	(262,184)
General and administrative expenses		(186,868)	-	(186,868)
Research and development expenses		(31,193)	-	(31,193)
Impairment loss on trade and other receivables	A	3,854	(22,463)	(18,609)
Other expenses, net		(38,421)	-	(38,421)
Operating profit		92,649	(22,463)	70,186
Finance costs		(51,278)	-	(51,278)
Share of profit of equity-accounted investees		20,222	-	20,222
Profit from revaluation of investment at fair value through profit or loss		34	-	34
Profit before zakat and income tax		61,627	(22,463)	39,164
Zakat and income tax		(16,326)	-	(16,326)
Profit for the period from continuing operations		45,301	(22,463)	22,838
Discontinued Operations				
Loss from discontinued operations, net of Zakat		(4,932)	-	(4,932)
Profit for the period		40,369	(22,463)	17,906
Profit attributable to:				
Shareholders of the Parent		36,066	(22,463)	13,603
Non-controlling interests		4,303	-	4,303
		40,369	(22,463)	17,906
Earning per share				
Basic and diluted (SR)		0.30	(0.19)	0.11
Continuing operations				
Basic and diluted (SR)		0.34	(0.19)	0.15
Discontinued operations				
Basic and diluted (SR)		(0.04)	-	(0.04)

The above restatements had an impact on the opening balance of accumulated losses amounting to SR 51.26 million in the statement of changes in equity. Due to this the accumulated losses at 1 January 2023 increased from SR 179.1 million to SR 230.36 million.

The above restatements had no impact on the cash flows generated from operating activities, cash flows from investing activities and cash flows from financing activities.

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24. SUBSEQUENT EVENTS

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

25. COMPARATIVE FIGURES

In addition to reclassification as mentioned in note 23, certain minor comparative figures adjustments have been made to conform with the current period's presentation of these condensed consolidated interim financial statements.

26. APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2024 have been approved by the Group's Board of Directors on 8 Jumada Al Oula 1446H (corresponding to 10 November 2024).