

**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 six-month periods ended 30 June 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 six-month periods ended 30 June 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 June 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 June 2024;
- the condensed consolidated statement of profit or loss for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of comprehensive income for the three-month and six-month periods ended 30 June 2024;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 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.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 40,000,000 (previously known as "KPMG AlFozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية بمساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠.٠٠٠.٠٠٠) ريال سعودي متراخ بالكامل، المسجلة سابقاً كشركة كي بي إم جي للقرآن وشركة محاسبين ومنحصرين كالتاليين: وهي عضو غير شريك في الشبكة العالمية للفرع كات كي بي إم جي المستقلة، التابعة لـ كي بي إم جي العالمية المحترمة، شركة التعاونية محدودة ضمان، جميع الحقوق محفوظة.



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 June 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 22 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 six-month periods ended 30 June 2023 and for the three-month period ended 31 March 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 of and for the three-month and six-month periods ended 30 June 2023 and for the three-month period ended 31 March 2023 excluding the adjustments described in note 22 were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 7 August 2023 (corresponding to 20 Muharram 1445H) and on 15 May 2023 (corresponding to 25 Shawwal 1444H) respectively and the consolidated financial statements of the Group as at and for the year ended 31 December 2023, excluding the adjustments described in note 22 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, 15 August 2024
Corresponding to 11 Safar 1446H



SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
(SPIMACO - ADDWAEIH)
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2024
(All amounts in thousands of Saudi Riyals, unless otherwise stated)


	Note	June 30, 2024	December 31, 2023 (Restated – note 22)
ASSETS			
Property, plant and equipment	4	1,251,034	1,271,710
Assets under construction	4	569,814	583,244
Intangible assets	5	82,375	17,066
Right-of-use assets	6	30,038	32,204
Due from related parties (non-commercial)	18.2	-	-
Equity-accounted investees	7	54,525	58,186
Deferred tax assets		34,258	28,602
Total non-current assets		2,022,044	1,991,012
Inventories	9	523,078	589,208
Trade and other receivables	8	1,294,459	898,337
Due from related parties (non-commercial)	18.2	15,792	2,606
Investments at fair value through profit or loss (FVTPL)	10	470	459
Prepayments and other assets		154,050	169,000
Time deposits		72,000	115,500
Cash and cash equivalents	11	315,474	160,066
		2,375,323	1,935,176
Assets held for sale	12	15,391	22,425
Total current assets		2,390,714	1,957,601
Total assets		4,412,758	3,948,613
EQUITY AND LIABILITIES			
Equity			
Share capital		1,200,000	1,200,000
Statutory reserve		360,685	360,685
Treasury shares	13	(19,160)	(8,002)
Foreign currency translation reserve		(41,381)	(42,032)
Accumulated losses		(18,048)	(79,250)
Equity attributable to the Owners of the Company		1,482,096	1,431,401
Non-controlling interests		147,104	161,382
Total equity		1,629,200	1,592,783
Liabilities			
Loans and borrowings	14	529,213	575,277
Lease liabilities	6	11,372	11,295
Employees' end of service benefit obligations		257,030	282,705
Deferred income		37,157	37,795
Contract liabilities	15.2	44,594	44,132
Total non-current liabilities		879,366	951,204
Loans and borrowings – current portion	14	953,106	525,458
Provision for financial guarantees		28,119	28,119
Lease liabilities – current portion	6	5,688	7,210
Zakat and income tax payable		40,519	48,450
Trade and other payables		436,479	494,401
Dividends payable		170,103	170,885
Refund liabilities	15.1	267,367	125,498
		1,901,381	1,400,021
Liabilities directly associated with the assets held for sale	12	2,811	4,605
Total current liabilities		1,904,192	1,404,626
Total liabilities		2,783,558	2,355,830
Total equity and liabilities		4,412,758	3,948,613



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes from pages 8 to 28 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 six-month periods ended 30 June 2024

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	For the three-month period ended June 30		For the six-month period ended June 30	
		2024	2023 (Restated)	2024	2023 (Restated)
Continuing operations					
Revenue	20	373,378	408,058	848,781	939,830
Cost of revenue		(195,978)	(224,213)	(419,162)	(498,668)
Gross profit		177,400	183,845	429,619	441,162
Selling and marketing expenses		(70,143)	(80,036)	(150,719)	(178,713)
General and administrative expenses		(54,121)	(57,363)	(121,174)	(120,438)
Research and development expenses		(13,252)	(11,042)	(30,551)	(23,686)
Impairment loss on trade receivables (Restated)		(9,290)	(7,763)	(19,964)	(18,285)
Other income/(expenses), net	16	5,355	2,820	(13,631)	(10,565)
Operating profit		35,949	30,461	93,580	89,475
Finance costs		(13,112)	(18,036)	(32,280)	(32,250)
Finance income		2,742	2,353	5,120	5,137
Share of results of equity-accounted investees	7	4,372	5,752	9,524	13,504
Profit from revaluation of investment at fair value through profit or loss		6	4	11	28
Profit before zakat and income tax		29,957	20,534	75,955	75,894
Zakat and income tax		767	(3,121)	(5,933)	(11,953)
Profit for the period from continuing operations		30,724	17,413	70,022	63,941
Discontinued operations					
Profit/(loss) from discontinued operations, net of Zakat	12	3,307	(2,376)	3,902	(3,089)
Profit for the period		34,031	15,037	73,924	60,852
Profit attributable to:					
Shareholders of the Parent Company		33,114	15,345	68,728	59,120
Non-controlling interests		917	(308)	5,196	1,732
		34,031	15,037	73,924	60,852
Earning per share					
Basic and diluted (SR)	17	0.28	0.13	0.57	0.49
Continuing operations					
Basic and diluted (SR)		0.25	0.15	0.54	0.52
Discontinued operations					
Basic and diluted (SR)		0.03	(0.02)	0.03	(0.03)



Chief Financial Officer



Chief Executive Officer

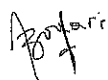


Authorized Board Member

The accompanying notes from pages 8 to 28 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 COMPREHENSIVE INCOME (UNAUDITED)
 For the three-month and six-month periods ended 30 June 2024
 (All amounts in thousands Saudi Riyals unless otherwise stated)

	For the three-month period ended June 30		For the six-month period ended June 30	
	2024	2023 (Restated)	2024	2023 (Restated)
Profit for the period	34,031	15,037	73,924	60,852
<u>Other comprehensive income</u>				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(4,105)	(13,842)	651	(13,420)
Other comprehensive (loss) / profit for the period	(4,105)	(13,842)	651	(13,420)
Total comprehensive income for the period	29,926	1,195	74,575	47,432
Total comprehensive income attributable to:				
Shareholders of the Parent Company	29,009	1,503	69,379	45,700
Non-controlling interests	917	(308)	5,196	1,732
	29,926	1,195	74,575	47,432



Chief Financial Officer



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 CHANGES IN EQUITY (UNAUDITED)

For the six-month period ended 30 June 2024

(All amounts in thousands 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		Total equity
								Shareholders of the Company	Non-controlling interests	
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 22a)	-	-	-	-	-	-	(51,263)	(51,263)	-	(51,263)
Balance as at January 1, 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 22c)	-	-	-	-	-	-	59,120	59,120	1,732	60,852
Other comprehensive loss for the period	-	-	-	-	-	(13,420)	-	(13,420)	-	(13,420)
Total comprehensive profit / (loss)	-	-	-	-	-	(13,420)	59,120	45,700	1,732	47,432
Changes in non-controlling interests	-	-	-	-	-	-	-	-	2,721	2,721
Balance as at June 30, 2023	1,200,000	360,685	150,000	34,710	-	(40,205)	(171,245)	1,533,945	158,049	1,691,994
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 22b)	-	-	-	-	-	-	(75,248)	(75,248)	-	(75,248)
Balance as at January 1, 2024 (Restated) (Note 22b)	1,200,000	360,685	-	-	(8,002)	(42,032)	(79,250)	1,431,401	161,382	1,592,783
Profit for the period	-	-	-	-	-	-	68,728	68,728	5,196	73,924
Other comprehensive profit for the period	-	-	-	-	-	651	-	651	-	651
Total comprehensive income	-	-	-	-	-	651	68,728	69,379	5,196	74,575
Purchase of Treasury shares	-	-	-	-	(11,158)	-	-	(11,158)	-	(11,158)
Acquisition of non-controlling interest without a change in control (note 1.1)	-	-	-	-	-	-	(7,526)	(7,526)	(19,474)	(27,000)
Balance as at June 30, 2024	1,200,000	360,685	-	-	(19,160)	(41,381)	(18,048)	1,482,096	147,104	1,629,200

Abdullah

Chief Financial Officer

Jerome Labannes

Chief Executive Officer



Authorized Board Member

The accompanying notes from pages 8 to 28 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 CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	June 30, 2024	June 30, 2023 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before zakat and income tax from continuing operations	75,955	75,894
Profit / (loss) before zakat from discontinued operations	3,902	(3,089)
	<u>79,857</u>	<u>72,805</u>
Adjustments for:		
Depreciation of property, plant and equipment	34,502	34,265
Depreciation on right of use assets	2,521	2,492
Assets under construction written off	1,283	2,379
Intangible assets written-off	-	47
Amortization of intangible assets	3,859	4,780
Share of results of equity accounted investees	(9,524)	(13,504)
Loss on disposal of property, plant, and equipment	-	29
Provision for sales/services discounts and returns	142,331	98,519
Provision for slow-moving inventories	(3,636)	790
Fair value gain from investment at FVTPL	(11)	(28)
Impairment charge on trade receivables	18,543	18,285
Provision for employees' end-of-services benefits	16,512	25,589
Amortization of deferred income	(776)	(776)
Reversal of provision for terminated employees' claims	(2,651)	-
Finance costs	32,280	32,454
Finance income	(5,120)	(5,137)
	<u>309,970</u>	<u>272,989</u>
Changes in:		
Inventories	70,580	(8,922)
Trade receivables	(427,330)	(461,512)
Prepayments and other assets	15,049	(14,458)
Trade and other payables	(65,181)	83,133
Cash used in operating activities	<u>(96,912)</u>	<u>(128,770)</u>
Finance costs paid	(21,975)	(20,230)
Zakat and income tax paid	(19,463)	(28,383)
Employees' end-of-service benefit obligations paid	(46,844)	(37,903)
Net cash used in operating activities	<u>(185,194)</u>	<u>(215,286)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant, equipment	(9,352)	(38,088)
Net changes in intangible assets	(986)	(348)
Dividend received from equity accounted investees	13,185	10,200
Additions in time deposits	43,500	(52,500)
Proceeds from sale of property, plant & equipment	125	-
Additions in asset under construction	(48,353)	-
Net cash used in investing activities	<u>(1,881)</u>	<u>(80,736)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans and borrowings	511,331	140,685
Repayment of loans and borrowings	(129,747)	-
Net changes in deferred income	138	4,081
Payments of lease liabilities	(1,974)	(3,020)
Dividends paid	(783)	(70)
Net changes in non-controlling interest	(27,000)	2,721
Purchase of treasury shares	(11,158)	-
Net cash generated from financing activities	<u>340,807</u>	<u>144,397</u>
Net changes in cash and cash equivalents during the period	<u>153,732</u>	<u>(151,625)</u>
Foreign currency translation adjustments	(547)	(9,848)
Cash and cash equivalents at the beginning of the period	163,090	335,349
Cash and cash equivalents at the end of the period	<u>316,275</u>	<u>173,876</u>



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes from pages 8 to 28 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 six-month period ended 30 June 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 six months period ended 30 June 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 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>June 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	72.54%	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 six-month period ended 30 June 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 work has been completed and still the audit opinion on the final liquidated financial statements is not issued. It is expected that these financial statements will be issued in year 2024, after the submission of the audited financials the liquidation process will be completed.
- (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 legal and financial formalities are still under process and not completed as of June 30, 2024, to increase the share capital of SPIMACO Morocco.

SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION
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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	
			June 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 IFRS Accounting Standards, however, accounting policies and selected 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 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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3. MATERIAL ACCOUNTING POLICIES

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements have been consistently applied to all periods presented.

3.1 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.

3.2 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)	
	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Cost:				
Opening balance	2,282,427	2,000,559	583,244	790,217
Additions	9,352	6,707	57,453	104,710
Disposals	(250)	(5,073)	-	-
Written off	-	-	(1,283)	-
Transfer in / (out)	-	307,043	(68,181)	(307,043)
Reclassification	2,341	-	(4,550)	-
Foreign currency translation	839	(3,083)	3,131	(3,332)
Attributable to discontinued operations	-	(23,726)	-	(1,308)
Closing balance	2,294,709	2,282,427	569,814	583,244
Accumulated depreciation:				
Opening balance	1,010,717	960,591	-	-
Charge for the period	34,001	64,565	-	-
Disposals during the period	(125)	(3,923)	-	-
Reclassification	(1,223)	-	-	-
Foreign currency translation	305	(1,072)	-	-
Attributable to discontinued operations	-	(9,444)	-	-
Closing balance	1,043,675	1,010,717	-	-
Net book value	1,251,034	1,271,710	569,814	583,244

5. INTANGIBLE ASSETS

	June 30, 2024	December 31, 2023
Cost:		
Opening balance	106,637	183,624
Additions	-	5,938
Written-off	-	(49)
Transfer from assets under construction (note 4)	68,181	-
Reclassification	2,210	-
Foreign currency translation	4	(2)
Attributable to discontinued operations	-	(82,874)
Closing balance	177,032	106,637
Accumulated amortization:		
Opening balance	89,571	163,032
Charge for the period/year	3,859	9,417
Written-off	-	(1)
Reclassification	1,223	-
Foreign currency translation	4	(3)
Attributable to discontinued operations	-	(82,874)
Closing balance	94,657	89,571
Net book value	82,375	17,066

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6. LEASES

Right-of-use (ROU) assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Opening balance	32,204	35,200
Additions	-	1,874
Foreign currency translation	356	(305)
Depreciation charge for the period/year	<u>(2,522)</u>	<u>(4,565)</u>
Closing balance	<u>30,038</u>	<u>32,204</u>

Lease liabilities

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Opening balance	18,505	24,951
Additions	-	1,569
Adjustment	-	1,319
Finance cost	528	824
Payments for the period/year	<u>(1,973)</u>	<u>(10,158)</u>
Closing balance	<u>17,060</u>	<u>18,505</u>
Current portion	<u>5,688</u>	<u>7,210</u>
Non-current portion	<u>11,372</u>	<u>11,295</u>

7. EQUITY-ACCOUNTED INVESTEEES

	<u>June 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	9,524	19,995
Share of OCI for the period/year	-	417
Closing balance	<u>54,525</u>	<u>58,186</u>

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Arabian Medical Products Manufacturing Company (ENAYAH) - Joint Venture	54,525	58,186
Tassili Arab Pharmaceutical Company (TAPHCO) - Associate Company	-	-
CAD Middle East Pharmaceutical Company- Associate Company	-	-
	<u>54,525</u>	<u>58,186</u>

8. TRADE RECEIVABLES

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
		(Restated -note 22)
Trade receivables	1,388,046	975,765
Less: Allowance for expected credit loss	<u>(131,466)</u>	<u>(112,854)</u>
	1,256,580	862,911
Due from related parties (Note 18.2)	37,879	35,426
	<u>1,294,459</u>	<u>898,337</u>

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8. TRADE RECEIVABLES (CONTINUED)

The movement in allowance for expected credit loss is as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u> (Restated-note 22)
Opening balance	112,854	154,005
Charge for the period (restated)	18,544	13,933
Written-off	-	(55,275)
Attributable to discontinued operations	-	(20)
Effect of foreign currency translation	68	211
Closing balance	131,466	112,854

9. INVENTORIES

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Finished goods	332,027	375,681
Raw material	205,818	214,046
Work-in-progress	16,371	33,221
Stores and spares	29,056	27,564
Goods-in-transit	381	2,933
	<u>583,653</u>	<u>653,445</u>
Less: provision for slow-moving and obsolete items	<u>(60,575)</u>	<u>(64,237)</u>
	523,078	589,208

The movement of provision for slow-moving and obsolete items is as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Opening balance	64,237	35,913
(Reversal)/charge for the period/year	(3,636)	49,808
Written-off	(48)	(20,178)
Effect of foreign currency translation	22	(996)
Attributable to discontinued operations	-	(310)
	<u>60,575</u>	<u>64,237</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Opening balance	459	420
Fair value gain	11	39
Closing balance	470	459

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>June 30, 2024</u>	<u>December 31, 2023</u>
Cash in hand	903	788
Cash at bank	281,853	126,061
Short term deposits	32,718	33,217
	<u>315,474</u>	<u>160,066</u>

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12. ASSETS HELD FOR SALE/DISCONTINUED OPERATIONS

As disclosed in note 1.1, 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>June 30, 2024</u>	<u>June 30, 2023</u>
Revenue	672	995
Cost of revenue	<u>(1,320)</u>	<u>(1,733)</u>
Gross loss	(648)	(738)
Selling and marketing expenses	(790)	(768)
General and administrative expenses	(108)	(222)
Impairment loss on trade receivables	-	(30)
Other income/(expense)	<u>5,335</u>	<u>(1,127)</u>
Operating profit/(loss)	3,789	(2,885)
Finance cost/income	<u>113</u>	<u>(204)</u>
Profit/(loss) before zakat and income tax	3,902	(3,089)
Zakat and income tax	-	-
Profit/(loss) for the period	<u>3,902</u>	<u>(3,089)</u>
Earnings/(loss) per share - Basic and diluted (SR)	<u>0.03</u>	<u>(0.03)</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Assets		
Property, plant and equipment	12,305	15,589
Inventories	1,267	2,105
Trade receivables	756	1,346
Prepayment and other assets	262	361
Cash and cash equivalents	<u>801</u>	<u>3,024</u>
Assets from discontinued operations	<u>15,391</u>	<u>22,425</u>
Liabilities		
Contract liabilities	844	1,268
Trade and other payables	1,361	2,427
Deferred tax liability	<u>606</u>	<u>910</u>
Liabilities associated with discontinued operations	<u>2,811</u>	<u>4,605</u>

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Operating activities	(1,544)	5,509
Investing activities	-	-
Financing activities	-	14,336
Net changes in cash and cash equivalents during the period	<u>(1,544)</u>	<u>19,845</u>

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 June 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 619,436 shares for an amount of SR 19.2 million to be allocated to the Employees' Long-term Incentives Program 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. As at the period ended 30 June 2024, the program has not yet been launched. The Company expects this program to be launched before the financial year-end.

14. LOANS AND BORROWINGS

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
<u>Current</u>		
Islamic financing	890,379	421,425
Government loans	55,530	101,982
Short-term loans	7,197	2,051
	<u>953,106</u>	<u>525,458</u>
<u>Non-Current</u>		
Islamic financing	503,113	545,431
Government loans	26,100	29,846
	<u>529,213</u>	<u>575,277</u>

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

15. REFUND LIABILITIES AND CONTRACT LIABILITIES

15.1 Refund Liabilities

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Sales/services discounts provision:		
Opening balance	103,289	25,909
Discounts provision against sales	168,628	230,905
Actual discounts adjustment during the period/year	(25,326)	(153,525)
Closing balance	<u>246,591</u>	<u>103,289</u>
Sales returns:		
Opening balance	22,209	19,483
(Reversal)/charge for the period/year	(1,433)	2,957
Adjusted during the period/year	-	(231)
Closing balance	<u>20,776</u>	<u>22,209</u>
Total refund liabilities	<u>267,367</u>	<u>125,498</u>

15.2 Contract Liabilities

	<u>June 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 EXPENSES/(INCOME) - NET

	June 30, 2024	June 30, 2023
Amortization of deferred income	(775)	(775)
Terminated employees' legal claims (note 16.1)	(2,651)	-
Foreign exchange loss	14,282	9,185
Others	2,775	2,155
	13,631	10,565

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 21.

17. EARNINGS PER SHARE

	For the three-month period ended June 30		For the six-month period ended June 30	
	2024	2023	2024	2023
		(Restated-note 22)		(Restated-note 22)
Profit for the period	33,114	15,345	68,728	59,120
Weighted average number of ordinary shares	119,724,314	120,000,000	119,724,314	120,000,000
Earnings per share – basic and diluted (SR)	0.28	0.13	0.57	0.49

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.

18. 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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18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (CONTINUED)

18.1 Transactions

Name of related parties	Relationship	Nature of transactions	June 30, 2024	June 30, 2023
CAD Middle East Pharmaceutical Co.	Associate	Finance / Expenses	13,373	13,692
Arabian Medical Products Manufacturing Co. (ENAYAH)	Joint Venture	Dividends	15,300	10,200
Arab Company for Drugs Industries and Medical Appliances (ACDIMA)	Shareholder	Research cost	608	501
Tassili Arab Pharmaceutical Co. (TAPHCO)	Associate	Revenue	2,393	907

18.2 Due from related parties

Related party	Nature of balance	June 30, 2024	December 31, 2023
			(Restated-note 22)
Non-current			
CAD Middle East Pharmaceutical Co.	Non- commercial	43,864	42,444
Tassili Arab Pharmaceutical Co. (TAPHCO)	Non- commercial	32,583	32,583
Current			
Arabian Medical Products Manufacturing Co. (ENAYAH)	Non-commercial	15,792	2,606
Tassili Arab Pharmaceutical Co. (TAPHCO)	Commercial	37,879	35,426
		<u>130,118</u>	<u>113,059</u>
Less: impairment allowance		<u>(76,447)</u>	<u>(75,027)</u>
		<u>53,671</u>	<u>38,032</u>

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

	June 30, 2024	December 31, 2023
Opening balance	75,027	(Restated-note 22) 52,964
Charge for the period/year	1,420	22,063
Closing balance	<u>76,447</u>	<u>75,027</u>

SAR 34.978 million (31 Dec 2023 : 35.485 million) included in trade and other payables is balance due to TAPHCO (a related party).

Remuneration of key management personnel

	June 30, 2024	June 30, 2023
Remuneration of key management personnel	<u>4,210</u>	<u>5,984</u>

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

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19. 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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19. FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments by category

June 30, 2024	Total	At amortized cost	At Fair value through P/L	Fair value - Level 1
Financial assets				
Investments at FVTPL	470	-	470	470
Trade receivables	1,294,459	1,294,459	-	-
Due from related parties (non-commercial)	15,792	15,792	-	-
Time deposits	72,000	72,000	-	-
Cash and cash equivalents	314,570	314,570	-	-
Total financial assets	1,697,291	1,696,821	470	470
Financial liabilities				
Non-current:				
Loans and borrowings	529,213	529,213	-	-
Lease liabilities	11,372	11,372	-	-
Current:				
Loans and borrowings	953,106	953,106	-	-
Trade and other payables	237,034	237,034	-	-
Lease liabilities	5,688	5,688	-	-
Dividends payable	170,103	170,103	-	-
Total financial liabilities	1,906,516	1,906,516	-	-
December 31, 2023 (Restated)	Total	At amortized cost	At fair value through P/L	Fair value - Level 1
Financial assets				
Investments at FVTPL	459	-	459	459
Trade receivables	898,337	898,337	-	-
Due from related parties (non-commercial)	2,606	2,606	-	-
Time deposits	115,500	115,500	-	-
Cash and cash equivalents	159,278	159,278	-	-
Total financial assets	1,176,180	1,175,721	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	318,975	318,975	-	-
Lease liabilities	7,210	7,210	-	-
Dividends payable	170,885	170,885	-	-
Total financial liabilities	1,609,100	1,609,100	-	-

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20. 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. Other include strategic investment in a joint venture as well as discontinued operations which involve entities under liquidation and currently have no operations.

As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly for management purposes, the Group is organized into business units based on its products and services and has two 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 Other.

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 six-month period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenue from sale of products	331,338	368,181	762,002	854,773
Revenue from services	42,040	39,877	86,779	85,057
	<u>373,378</u>	<u>408,058</u>	<u>848,781</u>	<u>939,830</u>
Other revenues				
Share of results from equity-accounted investees	4,372	5,752	9,524	13,504
Fair value gain on investment at FVTPL	6	4	11	28
Total revenues	<u>377,756</u>	<u>413,814</u>	<u>858,316</u>	<u>953,362</u>

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

June 30, 2024	Pharmaceutical	Trading & Distribution	Healthcare	Discontinued	Total
	Manufacturing	Services	Services	operation	
Revenues	686,754	78,101	83,926	672	849,453
Depreciation and amortization	(33,728)	(2,273)	(4,382)	(501)	(40,884)
Share of results of a joint venture	9,524	-	-	-	9,524
Profit/(loss) for the period	105,810	(49,315)	13,527	3,902	73,924
Profit/(loss) attributable to Owners of the Company	106,766	(49,315)	7,743	3,534	68,728
Total Assets	3,618,976	417,153	361,238	15,391	4,412,758
Total Liabilities	2,366,460	343,705	70,582	2,811	2,783,558

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20. SEGMENT INFORMATION (CONTINUED)

June 30, 2023 (Restated-note 22)

	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Discontinued operation	Total
Revenue	773,902	89,678	76,251	994	940,825
Depreciation and amortization	(37,059)	(1,120)	(2,792)	(566)	(41,537)
Share of results of equity accounted investees	13,505	-	-	-	13,504
Profit / (loss) for the period	71,774	(29,366)	14,542	3,902	60,852
Profit / (loss) attributable to Shareholders of the Company	79,500	(29,366)	8,322	664	59,120
Total Assets	3,452,000	450,097	275,131	29,144	4,206,373
Total Liabilities	2,068,983	303,352	65,042	7,821	2,445,199

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.

For the six-month period ended June 30, 2024

Primary geographical markets	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Discontinued Operation	Total
Kingdom of Saudi Arabia	605,153	72,783	83,926	-	761,862
Middle East	70,531	-	-	-	70,531
Egypt	-	2,372	-	672	3,044
Morocco	11,070	-	-	-	11,070
Algeria	-	2,946	-	-	2,946
	686,754	78,101	83,926	672	849,453
Timing of revenue recognition					
At a point in time	686,754	78,101	14,388	672	779,915
Over time	-	-	69,538	-	69,538
	686,754	78,101	83,926	672	849,453

For the six-month period ended June 30, 2023

Primary geographical markets	Pharmaceutical Manufacturing	Trading & Distribution Services	Healthcare Services	Discontinued Operations	Total
Kingdom of Saudi Arabia	688,300	82,975	76,251	-	847,526
Middle East	73,080	-	-	-	73,080
Egypt	-	3,065	-	995	4,060
Morocco	12,522	-	-	-	12,522
Algeria	-	3,637	-	-	3,637
	773,902	89,677	76,251	995	940,825
Timing of revenue recognition					
At a point in time	773,902	89,677	8,674	995	873,248
Over time	-	-	67,577	-	67,577
	773,902	89,677	76,251	995	940,825

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21. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at June 30, 2024, the Group has letters of guarantee amounting to SR 64.72 million (December 31, 2023: SR 192.51 million).

In addition, the Group has contingent liability amounting to SR 16.12 million which has been issued on behalf of the Group 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.

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 June 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 to the year 2023.

During the 2023 fiscal year, 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 have not yet received the final assessment from ZATCA for the year 2021 and 2022 and this is still subject to finalisation. 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's regulations and no disputes have been raised which requires additional provisions.

Capital commitments

As at 30 June 2024, the Group has capital commitments amounting to SR 128.07 million (December 31, 2023: SR 142.55 million).

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22. CORRECTION OF PRIOR PERIOD ERRORS

During the period ended 30 June 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 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 six-month periods ended 30 June 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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22. CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

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

	Note	December 31, 2023 (audited) As previously reported	Restatements (A, B)	Reclassification (C, D)	January 1, 2024 (restated)
ASSETS					
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 receivables	B, C	924,093	(17,684)	(5,466)	900,943
Investments at fair value through profit or loss		459	-	-	459
Prepayments and other assets	C	163,534	-	5,466	169,000
Time deposits		115,500	-	-	115,500
Cash and cash equivalents		160,066	-	-	160,066
		1,952,859	(17,684)	-	1,935,176
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)	-	(79,250)
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
Provision for financial guarantees		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)	494,401
Dividends payable	D	158,294	-	12,591	170,885
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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22. CORRECTION OF PRIOR PERIOD ERROR (CONTINUED)

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

	Note	For the three-month period ended June 30		
		Balance reported for the period ended 30 June 2023 (Unaudited)	Adjustment	Balance for the period ended 30 June 2023 (Restated)
Continuing Operations				
Revenue		408,058	-	408,058
Cost of revenue		(224,213)	-	(224,213)
Gross profit		183,845	-	183,845
Selling and marketing expenses		(80,036)	-	(80,036)
General and administrative expenses		(57,363)	-	(57,363)
Research and development expenses		(11,042)	-	(11,042)
Impairment loss on trade and other receivables	A	(814)	(6,949)	(7,763)
Other income/(expenses), net		2,820	-	2,820
Operating profit		37,410	(6,949)	30,461
Finance costs		(18,036)	-	(18,036)
Finance income		2,353	-	2,353
Share of profit in equity-accounted investees		5,752	-	5,752
Profit from revaluation of investment at fair value through profit or loss		4	-	4
Profit before zakat and income tax		27,483	(6,949)	20,534
Zakat and income tax		(3,121)	-	(3,121)
Profit for the period from continuing operations		24,362	(6,949)	17,413
Discontinued Operations				
Profit/(loss) from discontinued operations, net of Zakat		(2,376)	-	(2,376)
Profit for the period		21,986	(6,949)	15,037
Profit attributable to:				
Shareholders of the Parent		22,294	(6,949)	15,345
Non-controlling interests		(308)	-	(308)
		21,986	(6,949)	15,037
Earning per share				
Basic and diluted (SR)		0.19	(0.06)	0.13
Continuing operations				
Basic and diluted (SR)		0.21	(0.06)	0.15
Discontinued operations				
Basic and diluted (SR)		(0.02)	-	(0.02)

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22. CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

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

	Note	For the six-month period ended June 30, 2023		
		Balance reported for the period ended 30 June 2023 (Unaudited)	Adjustment	Balance for the period ended 30 June 2023 (Restated)
Continuing Operations				
Revenue		939,830	-	939,830
Cost of revenue		(498,668)	-	(498,668)
Gross profit		441,162	-	441,162
Selling and marketing expenses		(178,713)	-	(178,713)
General and administrative expenses		(120,438)	-	(120,438)
Research and development expenses		(23,686)	-	(23,686)
Impairment loss on trade and other receivables	A	(368)	(17,917)	(18,285)
Other expenses, net		(10,565)	-	(10,565)
Operating profit		107,392	(17,917)	89,475
Finance costs		(32,250)	-	(32,250)
Finance income		5,137	-	5,137
Share of profit in equity-accounted investees		13,504	-	13,504
Profit from revaluation of investment at fair value through profit or loss		28	-	28
Profit before zakat and income tax		93,811	(17,917)	75,894
Zakat and income tax		(11,953)	-	(11,953)
Profit for the period from continuing operations		81,858	(17,917)	63,941
Discontinued Operations				
Profit/(loss) from discontinued operations, net of Zakat		(3,089)	-	(3,089)
Profit for the period		78,769	(17,917)	60,852
Profit attributable to:				
Shareholders of the Parent		77,037	(17,917)	59,120
Non-controlling interests		1,732	-	1,732
		78,769	(17,917)	60,852
Earning per share				
Basic and diluted (SR)		0.64	(0.15)	0.49
Continuing operations				
Basic and diluted (SR)		0.67	(0.15)	0.52
Discontinued operations				
Basic and diluted (SR)		(0.03)	-	(0.03)

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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23. SUBSEQUENT EVENTS

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

24. COMPARATIVE FIGURES

In addition to reclassification as mentioned in note 22, certain minor comparative figures adjustments have been made to conform with the current period's presentation of these condensed consolidated interim financial statements.

25. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated interim financial statements for the three-month and six-month periods ended 30 June 2024 have been approved by the Group's Board of Directors on 6 Safar 1446H (corresponding to 10 August 2024).