

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

**Interim Condensed Consolidated Financial Statements (Unaudited)  
and Independent Auditor's Review Report  
For the Three-Month Period Ended March 31, 2023**

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

**Interim Condensed Consolidated Financial Statements (Unaudited)**  
**and Independent Auditor's Review Report**  
**For the Three-Month Period Ended March 31, 2023**

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**Independent Auditor's Review Report on the  
Interim Condensed Consolidated Financial Statements**

**To the Shareholders**

**Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)  
Riyadh - Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO - ADDWAEIH) (the "Company") and its subsidiaries collectively referred to as the ("Group") as at March 31, 2023 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard (IAS 34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of the 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 the International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**BAKER TILLY MKM & CO.**  
*Certified Public Accountants*

**Majid Muneer Alnemer**  
License No. 381

Riyadh on Shawwal 25, 1444H  
Corresponding to May 15, 2023G



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

(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Financial Position**

**As at March 31, 2023**

(Saudi Riyals)

<b>ASSETS</b>	<b>Note</b>	<b>March 31, 2023</b> <b>(Unaudited)</b>	<b>December 31, 2022</b> <b>(Audited)</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,222,769,686	1,040,186,478
Assets under construction	5	609,026,240	790,216,809
Intangible assets		12,447,875	15,250,406
Right-of-use assets		33,978,182	35,200,309
Investments in associates and joint venture	6	44,077,842	46,525,501
Deferred tax assets		24,696,375	23,481,393
<b>Total Non-Current Assets</b>		<b>1,946,996,200</b>	<b>1,950,860,896</b>
<b>Current Assets</b>			
Inventories		507,343,753	494,685,062
Trade and other receivables	7	1,202,720,259	833,841,496
Investments at fair value through profit or loss (FVTPL)	8	443,589	419,761
Prepaid expenses and other assets		189,519,587	170,340,767
Time deposits		85,000,000	45,000,000
Cash and cash equivalents	9	299,145,849	335,349,298
Asset held for sale	10	2,284,173,037	1,879,636,384
<b>Total Current Assets</b>		<b>1,254,780</b>	<b>1,254,780</b>
<b>TOTAL ASSETS</b>		<b>2,285,427,817</b>	<b>1,880,891,164</b>
		<b>4,232,424,017</b>	<b>3,831,752,060</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		1,200,000,000	1,200,000,000
Statutory reserve		360,684,866	360,684,866
General reserve		150,000,000	150,000,000
Consensual reserve		34,709,740	34,709,740
Foreign currency translation reserve		(26,362,610)	(26,784,713)
Accumulated losses		(124,357,766)	(179,102,274)
<b>Equity attributable to the Shareholders of the Parent</b>		<b>1,594,674,230</b>	<b>1,539,507,619</b>
Non-controlling interests		155,631,466	153,595,514
<b>TOTAL EQUITY</b>		<b>1,750,305,696</b>	<b>1,693,103,133</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Loans and borrowings – non-current portion	11	281,654,864	379,832,278
Lease liabilities – non-current portion		17,727,150	18,806,045
Employees' end of service benefit obligations		302,416,857	313,238,474
Deferred income		39,069,608	35,366,822
Contract liabilities	12	43,487,274	42,581,465
<b>Total Non-Current Liabilities</b>		<b>684,355,753</b>	<b>789,825,084</b>
<b>Current liabilities</b>			
Loans and borrowings – current portion	11	949,586,852	676,959,955
Provision for financial guarantees		24,945,000	24,945,000
Lease liabilities – current portion		5,939,199	6,144,923
Zakat and income tax payable		43,412,984	33,135,748
Trade payable and other liabilities		522,610,367	403,452,822
Dividends payable		158,755,124	158,755,124
Contract liabilities	12	92,474,917	45,392,146
Liabilities directly associated with assets classified as held for sale	10	1,797,724,443	1,348,785,718
<b>Total Current Liabilities</b>		<b>38,125</b>	<b>38,125</b>
<b>TOTAL LIABILITIES</b>		<b>1,797,762,568</b>	<b>1,348,823,843</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,482,118,321</b>	<b>2,138,648,927</b>
		<b>4,232,424,017</b>	<b>3,831,752,060</b>



Chief Financial Officer



Chief Executive Officer

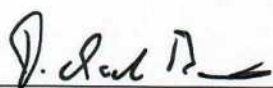


Authorized Board Member

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

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Statement of Profit or Loss (Unaudited)**  
**For the Three-Month Period Ended March 31, 2023**  
(Saudi Riyals)

	Note	March 31, 2023	March 31, 2022
<b>Continuing Operations</b>			
Revenues	16	532,100,932	389,329,975
Cost of revenues		<u>(275,167,761)</u>	<u>(203,623,603)</u>
<b>Gross profit</b>		<b>256,933,171</b>	<b>185,706,372</b>
Selling and marketing expenses		(99,065,561)	(79,434,632)
General and administrative expenses		(63,141,792)	(52,374,614)
Research and development expenses		(12,644,470)	(8,062,084)
Impairment reversal on trade receivables		446,643	1,975,127
Other expenses		<u>(13,109,995)</u>	<u>(8,542,542)</u>
<b>Operating profit</b>		<b>69,417,996</b>	<b>39,267,627</b>
Finance costs		(11,577,163)	(8,112,894)
Share of profit from associates and joint venture	6	7,752,341	5,445,257
Profit from revaluation of investments at fair value through profit or loss		23,828	1,984,773
<b>Profit before zakat and income tax</b>		<b>65,617,002</b>	<b>38,584,763</b>
Zakat and income tax		<u>(8,832,044)</u>	<u>(6,863,626)</u>
<b>Profit for the period from continuing operations</b>		<b>56,784,958</b>	<b>31,721,137</b>
<b>Discontinued operations</b>			
Loss from discontinued operations, net of zakat	10	-	(1,056,863)
<b>Profit for the period</b>		<b>56,784,958</b>	<b>30,664,274</b>
<b>Attributable to:</b>			
Shareholders of the Parent Company		54,744,508	33,325,357
Non-controlling interests		<u>2,040,450</u>	<u>(2,661,083)</u>
		<b>56,784,958</b>	<b>30,664,274</b>
<b>Earnings per share attributable to the Shareholders of the Parent Company</b>			
Basic and diluted	13	<u>0.46</u>	<u>0.28</u>



Chief Financial Officer



Chief Executive Officer

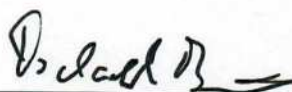


Authorized Board Member

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**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)**  
**For the Three-Month Period Ended March 31, 2023**  
(Saudi Riyals)

	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>
<b>Profit for the period</b>	<b>56,784,958</b>	30,664,274
<b>Other Comprehensive Income / (Loss) items:</b>		
<b>Items that may be reclassified to profit or loss subsequently:</b>		
Foreign currency translation differences	<u>422,103</u>	<u>(7,450,037)</u>
<b>Total other comprehensive income / (loss) for the period</b>	<u>422,103</u>	<u>(7,450,037)</u>
<b>Total comprehensive income for the period</b>	<u>57,207,061</u>	<u>23,214,237</u>
<b>Attributable to:</b>		
Shareholders of the Parent Company	<u>55,166,611</u>	25,875,320
Non-controlling interests	<u>2,040,450</u>	<u>(2,661,083)</u>
	<u>57,207,061</u>	<u>23,214,237</u>



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

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

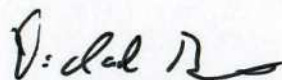
(A Saudi Joint Stock Company)

**Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)**

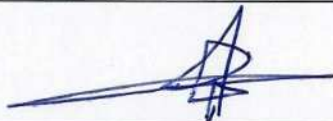
**For the Three-Month Period Ended March 31, 2023**

(Saudi Riyals)


	Share capital	Statutory reserve	General reserve	Consensual reserve	Foreign currency translation reserve	Retained earnings / (accumulated losses)	Total equity attributable to the Shareholders of the Parent	Non-controlling interests	Total equity
Balance as at January 1, 2022	1,200,000,000	360,684,866	150,000,000	34,709,740	(11,914,760)	104,282,191	1,837,762,037	155,642,581	1,993,404,618
Profit for the period	-	-	-	-	-	33,325,357	33,325,357	(2,661,083)	30,664,274
Other comprehensive loss for the period	-	-	-	-	(7,450,037)	-	(7,450,037)	-	(7,450,037)
Total comprehensive income	-	-	-	-	(7,450,037)	33,325,357	25,875,320	(2,661,083)	23,214,237
Changes in non-controlling interests	-	-	-	-	-	-	-	(98,940)	(98,940)
Balance as at March 31, 2022	1,200,000,000	360,684,866	150,000,000	34,709,740	(19,364,797)	137,607,548	1,863,637,357	152,882,558	2,016,519,915
<b>Balance as at January 1, 2023</b>	<b>1,200,000,000</b>	<b>360,684,866</b>	<b>150,000,000</b>	<b>34,709,740</b>	<b>(26,784,713)</b>	<b>(179,102,274)</b>	<b>1,539,507,619</b>	<b>153,595,514</b>	<b>1,693,103,133</b>
Profit for the period	-	-	-	-	-	54,744,508	54,744,508	2,040,450	56,784,958
Other comprehensive income for the period	-	-	-	-	422,103	-	422,103	-	422,103
Total comprehensive income	-	-	-	-	422,103	54,744,508	55,166,611	2,040,450	57,207,061
Changes in non-controlling interests	-	-	-	-	-	-	-	(4,498)	(4,498)
Balance as at March 31, 2023	1,200,000,000	360,684,866	150,000,000	34,709,740	(26,362,610)	(124,357,766)	1,594,674,230	155,631,466	1,750,305,696



Chief Financial Officer



Chief Executive Officer

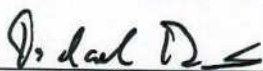


Authorized Board Member

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

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO - ADDWAEIH)**  
(A Saudi Joint Stock Company)  
**Interim Condensed Consolidated Statement of Cash Flows (Unaudited)**  
**For the Three-Month Period Ended March 31, 2023**  
(Saudi Riyals)

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
<b>OPERATING ACTIVITIES:</b>		
Profit before zakat and income tax from continuing operations	65,617,002	38,584,763
Loss before zakat from discontinued operations	-	(1,056,863)
	<u>65,617,002</u>	<u>37,527,900</u>
<i>Adjustments for non-cash transaction:</i>		
Depreciation of property, plant and equipment, and right-of-use assets	18,152,887	16,307,889
Assets under construction written off	2,380,619	-
Amortization of intangible assets	2,802,825	6,210,862
Share of profits from associates and joint venture	(7,752,341)	(5,445,257)
Loss on disposal of property, plant, and equipment	28,891	-
Provision for sales /services discounts and returns	47,988,580	19,315,155
Provision for slow-moving inventories or nearly expired	860,726	1,864,963
Profit from investments at FVTPL	(23,828)	(1,984,773)
Impairment reversals on trade receivables	(446,643)	(1,975,127)
Provision for employees' end of services benefits	11,727,677	8,810,819
Amortization of deferred income	(387,975)	(387,975)
Finance costs	11,577,163	8,112,894
	<u>152,525,583</u>	<u>88,357,350</u>
<b>Working capital changes:</b>		
Inventories	(13,519,417)	(11,654,274)
Trade and other receivables	(368,636,095)	(194,159,824)
Prepaid expenses and other assets	(19,178,820)	(1,223,949)
Trade payable and other liabilities	119,157,545	19,207,862
<b>Cash used in operations</b>	<u>(129,651,204)</u>	<u>(99,472,835)</u>
Finance costs paid	(8,720,251)	(5,912,295)
Zakat and income tax paid	(135,337)	(86,601)
Employees' end-of-service benefit obligations paid	(22,549,294)	(9,965,945)
<b>Net cash used in operating activities</b>	<u>(161,056,086)</u>	<u>(115,437,676)</u>
<b>INVESTING ACTIVITIES:</b>		
Net changes in property, plant, equipment and assets under construction	(23,155,362)	(25,050,533)
Net changes in intangible assets and right-of-use assets	(200,663)	-
Net changes in investments in associates and joint venture	10,200,000	38,250,000
Additions to the time deposits	(40,000,000)	-
<b>Net cash (used in) / generated from investing activities</b>	<u>(53,156,025)</u>	<u>13,199,467</u>
<b>FINANCING ACTIVITIES:</b>		
Net changes in loans and borrowings	171,592,571	48,001,366
Net changes in deferred income	4,090,761	-
Net changes in lease liabilities	(1,284,619)	(2,866,467)
Financial guarantees paid	-	(8,250,000)
Dividends paid	-	(184,382)
Changes in non-controlling interest	(4,498)	(2,760,023)
<b>Net cash generated from financing activities</b>	<u>174,394,215</u>	<u>33,940,494</u>
<b>Net changes in cash and cash equivalents during the period</b>	<u>(39,817,896)</u>	<u>(68,297,715)</u>
Foreign currency translation adjustments	3,614,447	(2,112,858)
Cash and cash equivalents at the beginning of the period	335,349,298	329,663,305
<b>Cash and cash equivalents at the end of the period</b>	<u>299,145,849</u>	<u>259,252,732</u>



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

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



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

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Consolidated Financial Statements**

**For the Three-Month Period Ended March 31, 2023**

**1. Information and Activity**

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, 1986) and formed according to the Ministerial Resolution No. 884 dated Jumada Al-Awwal 10, 1406H (corresponding to January 21, 1986). These interim condensed consolidated financial statements (“financial statements”) comprise of the Parent 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 basic chemical substances and products, medicines for human use, pharmaceutical production and wholesale and retail of medicines and related products, development and marketing of medicinal and pharmaceutical products including cosmetics, 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 Holding Company operates through following branches in the Kingdom of Saudi Arabia:

<u>Branch</u>	<u>Commercial Registration No.</u>	<u>Date of registration</u>	<u>City</u>
	1010134224	02/11/1415H	Riyadh
	4030086146	12/09/1412H	Jeddah
	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>Percentage of ownership</u>	
			<u>March 31, 2023</u>	<u>December 31, 2022</u>
ARAC Healthcare Company (ARAC)	Pharmaceutical, cosmetics and veterinary products distributor	Saudi Arabia	100%	100%
Pharmaceutical Industries Company for Distribution (a)	Pharmaceutical products distributor	Saudi Arabia	100%	100%
ARACOM Medical Company AL-WATAN Arabian	Pharmaceutical products distributor	Saudi Arabia	100%	100%
Pharmaceutical Industries (b)	Pharmaceutical manufacturer	Saudi Arabia	100%	100%
ANORA Trading Company (c)	Pharmacy - retail	Saudi Arabia	99%	99%
Dammam Pharmaceutical Company	Pharmaceutical manufacturer	Saudi Arabia	85%	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	Pharmaceutical manufacturer	Egypt	78.51%	78.51%
SPIMACO Morocco for Pharmaceutical Industries	Pharmaceutical manufacturer	Morocco	72.54%	72.54%

(a) There has been no activity in these subsidiaries.

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

(A Saudi Joint Stock Company)

**Notes to the Interim Condensed Consolidated Financial Statements**

**For the Three-Month Period Ended March 31, 2023**

**1. Information and Activity (Continued)**

**1.1 Subsidiaries (Continued)**

- (b) On September 16, 2020, the shareholders of AL-WATAN Arabian Pharmaceutical Industries (“Al-Watan Pharma”) (a subsidiary Limited Liability Company) resolved to voluntarily liquidate the Company and appointed a legal liquidator for that purpose. SPIMACO will produce some of the subsidiary’s products from the Company’s factory in Al Qassim and there is no financial impact from the liquidation of Al-Watan Pharma since the subsidiary did not start its commercial activity and does not have capital projects. Accordingly, the Group stopped consolidating the financial statements of Al-Watan Pharma (note 10). As at October 30, 2022, the management approved the liquidation of AL-WATAN Arabian Pharmaceutical Industries. The liquidation phase is in under process to finalize with the Ministry of Commerce and ZATCA.
- (c) 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. Accordingly, the Group stopped consolidating the financial statements of ANORA Trading Company. It should be noted that 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).

**1.2 Associates and joint venture**

Name	Principal activities	Country of incorporation	Percentage of ownership %	
			March 31, 2023	December 31, 2022
Arabian Medical Products Manufacturing Company (ENAYAH) – Joint venture	Manufacturing of healthcare products	Saudi Arabia	51%	51%
CAD Middle East Pharmaceutical Company (CAD) – Associate	Active Pharmaceutical Ingredients manufacturing	Saudi Arabia	46.08%	46.08%
Tassili Arab Pharmaceutical Company (TAPHCO) Algeria – Associate	Pharmaceutical manufacturer	Algeria	22%	22%

**2. Statement of compliance with IFRS**

These interim condensed consolidated 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 and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2022. These interim condensed consolidated financial statements do not include all the information and disclosures required in a full set of consolidated financial statements prepared in accordance with International Financial Reporting Standards. Specific accounting policies and explanatory disclosures have been included in order to explain the significant events and transactions behind the changes in the Group’s financial position and financial performance since the preparation of the prior year consolidated financial statements.

The period is considered to be an integral part of the full fiscal year; still, the results of operations for the interim periods may not be a fair indication of the results for the full-year operations.

### **3. Basis of Preparation**

#### **3.1 Overall considerations**

These interim condensed consolidated financial statements have been prepared using the measurement bases specified by IFRSs for each type of assets, liabilities, income and expense. The measurement bases are further fully described in the accounting policies.

The principal accounting policies adopted in the preparation of these interim condensed consolidated financial statements have been consistently applied to all the years presented unless otherwise stated. The preparation of these interim condensed consolidated financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing these interim condensed consolidated financial statements are disclosed in note (3.4).

These interim condensed consolidated financial statements have been prepared on the historical cost basis, except for the following:

- Trade receivables at amortized cost;
- Financial instruments - FVTPL;
- Murabaha loan at amortized cost;
- Government loan at amortized cost;
- Government granted land at fair value;
- Defined benefits plan is measured at the present value of future obligations using the Projected Unit Credit method; and
- Investment in associates and joint ventures using the equity method accounting

Furthermore, these interim condensed consolidated financial statements are prepared using the accrual basis of accounting and the going concern basis.

#### **3.2 Presentation and functional currency**

The interim condensed consolidated financial statements are presented in Saudi Riyal, which is the Group's functional and presentation currency.

#### **3.3 Basis of interim condensed consolidation of financial statements**

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 interim condensed consolidated 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;
- 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;
- The Group's voting rights and potential voting rights.

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**3. Basis of Preparation (Continued)**

**3.3 Basis of interim condensed consolidation of financial statements (Continued).**

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 interim condensed consolidated financial statements.

**3.4 Use of judgment 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 the same in the last annual financial statements.

**4. Significant Accounting Policies**

The accounting policies and calculation methods applied in preparing the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the application of the new standards that became effective on January 1, 2023. The Group did not early adopt any other standard, interpretation or amendment issued but not yet effective.

**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 January 1, 2023 and have been explained in Group's annual consolidated financial statements, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

**5. Property, Plant and Equipment and Assets Under Construction**

	<b>Property, Plant and Equipment (PPE)</b>	<b>Assets under Construction (AUC)</b>
<b>Opening balance</b>	1,040,186,478	790,216,809
Additions during the period	1,687,470	21,458,178
Transfer from assets under construction	199,752,467	(199,752,467)
Depreciation during the period	(16,949,838)	-
Disposals during the period	(19,177)	-
Write-offs during the period	-	(2,380,619)
Foreign currency translation	(1,887,714)	(515,661)
<b>Closing balance</b>	<b>1,222,769,686</b>	<b>609,026,240</b>

**6. Investments in Associates and Joint Venture**

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>Opening balance</b>	46,525,501	63,300,064
Dividends, net of Zakat	(10,200,000)	(36,304,263)
Share of profit during the period / year	7,752,341	20,441,973
Share of OCI during the period / year	-	(912,273)
<b>Closing balance</b>	<b>44,077,842</b>	<b>46,525,501</b>

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**6. Investments in Associates and Joint Venture (Continued)**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Arabian Medical Products Manufacturing Company (ENAYAH) - Joint venture	<u>44,077,842</u>	<u>46,525,501</u>

**7. Trade and Other Receivables**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Trade receivables	1,242,121,390	881,371,448
Less: impairment provision	<u>(153,762,820)</u>	<u>(154,005,488)</u>
	1,088,358,570	727,365,960
Due from associates and joint venture (Note 14)	<u>114,361,689</u>	<u>106,475,536</u>
	<u>1,202,720,259</u>	<u>833,841,496</u>

**8. Investments at Fair Value Through Profit or Loss (FVTPL)**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<b>Opening balance</b>	419,761	567,674,308
Profit during the period / year	23,828	3,634,444
Disposals during the period / year	-	<u>(570,888,991)</u>
<b>Closing balance</b>	<u>443,589</u>	<u>419,761</u>

**9. Cash and Cash equivalents**

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Cash in hand	8,585,100	242,962
Cash at banks	70,492,753	212,150,256
Short term deposits	<u>220,067,996</u>	<u>122,956,080</u>
	<u>299,145,849</u>	<u>335,349,298</u>

**10. Assets Held for Sale/Discontinued Operations**

As disclosed in Note 1.1, the Group resolved to voluntarily liquidate ANORA Trading Company on November 17, 2021. Accordingly, the Group has not consolidated the subsidiary in these financial statements and classified it as a discontinued operation. The results of the operations of ANORA Trading Company for the current and previous period have been presented in the interim condensed consolidated statement of profit or loss as follows:

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Revenues	-	195,281
Cost of revenues	-	<u>(144,507)</u>
<b>Gross Profit</b>	-	50,774
Selling and marketing expenses	-	(162,910)
General and administrative expenses	-	<u>(944,727)</u>
<b>Loss before zakat</b>	-	(1,056,863)
Zakat	-	-
<b>Net loss for the period from discontinued operations</b>	<u>-</u>	<u>(1,056,863)</u>
<b>Loss per share</b>		
Basic and diluted	<u>-</u>	<u>(0.01)</u>

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**10. Assets Held for Sale/Discontinued Operations (Continued)**

The following is the statement of the main classes of assets and liabilities of ANORA Trading Company as a discontinued operation:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>		
Inventories	1,225,770	1,225,770
Prepaid expenses and other debit balances	29,010	29,010
<b>Assets from discontinued operations</b>	<u>1,254,780</u>	<u>1,254,780</u>
<b>Liabilities</b>		
Accrued expenses	3,183	3,183
Lease liabilities	34,942	34,942
<b>Liabilities from discontinued operations</b>	<u>38,125</u>	<u>38,125</u>

The following is the statement of cash flows for AL-WATAN Arabian Pharmaceutical Industries (“Al-Watan Pharma”) and ANORA Trading Company:

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Operating activities	-	(159,755)
Investing activities	-	-
Financing activities	-	-
Net changes in cash and cash equivalents during the period	<u>-</u>	<u>(159,755)</u>

During the current period, there was no impairment in the carrying value of the assets directly related to the discontinued operations.

**11. Loans and Borrowings**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<b><u>Current</u></b>		
Islamic financing	848,963,303	400,000,000
Government loans	90,361,530	79,636,545
Short-term loans	10,262,019	197,323,410
	<u>949,586,852</u>	<u>676,959,955</u>
<b><u>Non-Current</u></b>		
Islamic financing	156,228,989	245,855,761
Government loans	125,425,875	133,976,517
	<u>281,654,864</u>	<u>379,832,278</u>

During the period ended March 31, 2023, the Group capitalized finance costs in the amount of SR 1.5 million (year ended December 31, 2022: SR 7.6 million).

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**12. Contract Liabilities**

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<b>Contract Liabilities - Current</b>		
<b>Sales/services discounts provision:</b>		
Opening balance	25,909,534	62,608,735
Discounts provision against sales	58,027,838	213,068,503
Actual discounts adjusted during the period /year	<u>(13,486,694)</u>	<u>(249,767,704)</u>
<b>Closing balance</b>	<u>70,450,678</u>	<u>25,909,534</u>
<b>Sales returns:</b>		
Opening balance	19,482,612	21,083,710
Charge for the period / year	3,824,282	515,207
Adjusted during the period / year	<u>(1,282,655)</u>	<u>(2,116,305)</u>
<b>Closing balance</b>	<u>22,024,239</u>	<u>19,482,612</u>
<b>Contract liabilities – Current</b>	<u>92,474,917</u>	<u>45,392,146</u>
<b>Contract liabilities – Non-current</b>	<u>43,487,274</u>	<u>42,581,465</u>

**13. Earnings Per Share**

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Profit for the period	54,744,508	33,325,357
Weighted average number of ordinary shares	<u>120,000,000</u>	<u>120,000,000</u>
Earnings per share – basic and diluted	<u>0.46</u>	<u>0.28</u>

There is no dilutive effect on the basic earning per share of the Company.

Basic earnings per share have 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.

**14. Transactions and Balances with Related Parties**

Related parties include associates and joint venture, other related companies, and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Related parties' transactions are carried out on an arm's length basis and conditions approved either by the Company or its Board of Directors.

**Transactions**

<u>Related party</u>	<u>Relation with the Company</u>	<u>Nature of transaction</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Arabian Medical Products Manufacturing Company (ENAYAH)	Joint Venture	Dividend	10,200,000	9,562,500
CAD Middle East Pharmaceutical Company	Associate	Expenses	4,888,037	2,677,380
Arab Company for Drugs Industries and Medical Appliances (ACDIMA)	Key foreign shareholder	Research cost	500,926	1,491,986
Tassili Arab Pharmaceutical Company (TAPHCO)	Associate	Sales	64,845	2,613,908

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**14. Transactions and Balances with Related Parties (Continued)**

**Balances**

<b>Related party</b>	<b>Nature of balance</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Tassili Arab Pharmaceutical Company (TAPHCO)	Non-commercial	<b>34,285,186</b>	34,293,443
Tassili Arab Pharmaceutical Company (TAPHCO)	Commercial	<b>31,603,147</b>	31,538,302
Arabian Medical Products Manufacturing Company (ENAYAH)	Non-commercial	<b>21,851,687</b>	21,972,367
CAD Middle East Pharmaceutical Company	Non-commercial	<b>26,621,669</b>	18,671,424
		<b>114,361,689</b>	106,475,536

**Remuneration of key management personnel**

	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Remuneration of key management personnel	<b>7,422,031</b>	8,926,452

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

**15. Financial Instruments**

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



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**15. Financial Instruments (Continued)**

For assets and liabilities that are recognized in the in the interim condensed consolidated 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. The Group decides, after discussions with its external valuers, which valuation techniques and inputs to use for each case.

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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<b>15. Financial Instruments (Continued)</b>	<b>Financial instrument by category</b>						
<b>March 31, 2023</b>	<b>Total</b>	<b>Financial assets at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>							
<b>Current:</b>							
Investments at FVTPL	443,589	-	443,589	443,589	-	443,589	-
Trade and other receivables	1,202,720,259	1,202,720,259	-	N/A	-	-	-
Time deposits	85,000,000	85,000,000	-	N/A	-	-	-
Cash and cash equivalents	299,145,849	299,145,849	-	N/A	-	-	-
<b>Total financial assets</b>	<b>1,587,309,697</b>	<b>1,586,866,108</b>	<b>443,589</b>	<b>443,589</b>	<b>-</b>	<b>443,589</b>	<b>-</b>
<b>Financial liabilities</b>							
<b>Non-current:</b>							
Loans and borrowings	281,654,864	281,654,864	-	N/A	-	-	-
Lease liabilities	17,727,150	17,727,150	-	N/A	-	-	-
<b>Current:</b>							
Loans and borrowings	949,586,852	949,586,852	-	N/A	-	-	-
Trade payables	323,391,719	323,391,719	-	N/A	-	-	-
Lease liabilities	5,939,199	5,939,199	-	N/A	-	-	-
<b>Total financial liabilities</b>	<b>1,578,299,784</b>	<b>1,578,299,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**15. Financial Instruments (Continued)**  
**Financial instrument by category (Continued)**

December 31, 2022	Total	Financial assets/liabilities at amortized cost	Financial FVTPL assets/liabilities at	Fair Value	Level 1	Level 2	Level 3
<b>Financial assets</b>							
<b>Current:</b>							
Investments at FVTPL	419,761	-	419,761	419,761	-	419,761	-
Trade and other receivables	833,841,496	833,841,496	-	N/A	-	-	-
Time deposits	45,000,000	45,000,000	-	N/A	-	-	-
Cash and cash equivalents	335,349,298	335,349,298	-	N/A	-	-	-
<b>Total financial assets</b>	<b>1,214,610,555</b>	<b>1,214,190,794</b>	<b>419,761</b>	<b>419,761</b>	<b>-</b>	<b>419,761</b>	<b>-</b>
<b>Financial liabilities</b>							
<b>Non-current:</b>							
Loans and borrowings	379,832,278	379,832,278	-	N/A	-	-	-
Lease liabilities	18,806,045	18,806,045	-	N/A	-	-	-
<b>Current:</b>							
Loans and borrowings	676,959,955	676,959,955	-	N/A	-	-	-
Trade payables	223,005,924	223,005,924	-	N/A	-	-	-
Lease liabilities	6,144,923	6,144,923	-	N/A	-	-	-
<b>Total financial liabilities</b>	<b>1,304,749,125</b>	<b>1,304,749,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**16. Segment Information**

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

**Revenues**

<b>Type of revenue</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Revenue from sale of products	<b>486,898,990</b>	354,534,010
Revenue from services	<b>45,201,942</b>	34,795,965
	<b>532,100,932</b>	389,329,975
<b>Other revenues</b>		
Share of profit from associates and joint venture	<b>7,752,341</b>	5,445,257
Profit from revaluation of investment at fair value through profit or loss	<b>23,828</b>	1,984,773
<b>Total revenues</b>	<b>539,877,101</b>	396,760,005

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 three-month period ended March 31, 2023**

<b>Primary geographical markets</b>	<b>Sale of goods</b>	<b>Distribution services</b>	<b>Contract</b>		<b>Total</b>
			<b>manufacturing arrangements</b>	<b>Medical services</b>	
Kingdom of Saudi Arabia	429,337,115	6,828,106	999,684	37,352,098	474,517,003
Middle East	46,265,357	-	-	-	46,265,357
Egypt	2,694,154	-	22,054	-	2,716,208
Morocco	6,603,706	-	-	-	6,603,706
Algeria	1,998,658	-	-	-	1,998,658
	<b>486,898,990</b>	<b>6,828,106</b>	<b>1,021,738</b>	<b>37,352,098</b>	<b>532,100,932</b>
<b>Timing of revenue recognition</b>					
At a point in time	486,898,990	6,828,106	1,021,738	11,493,564	506,242,398
Over time	-	-	-	25,858,534	25,858,534
	<b>486,898,990</b>	<b>6,828,106</b>	<b>1,021,738</b>	<b>37,352,098</b>	<b>532,100,932</b>

**For the three-month period ended March 31, 2022**

<b>Primary geographical markets</b>	<b>Sale of goods</b>	<b>Distribution services</b>	<b>Contract</b>		<b>Total</b>
			<b>manufacturing arrangements</b>	<b>Medical services</b>	
Kingdom of Saudi Arabia	319,278,421	4,437,072	-	30,217,278	353,932,771
Middle East	21,318,097	-	-	-	21,318,097
Egypt	7,314,939	-	141,615	-	7,456,554
Morocco	5,110,500	-	-	-	5,110,500
Algeria	1,512,053	-	-	-	1,512,053
	<b>354,534,010</b>	<b>4,437,072</b>	<b>141,615</b>	<b>30,217,278</b>	<b>389,329,975</b>
<b>Timing of revenue recognition</b>					
At a point in time	354,534,010	4,437,072	141,615	4,193,868	359,112,697
Over time	-	-	-	26,023,410	26,023,410
	<b>354,534,010</b>	<b>4,437,072</b>	<b>141,615</b>	<b>30,217,278</b>	<b>389,329,975</b>

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**17. Contingent Liabilities and Capital Commitments**

**Contingent liabilities**

As at March 31, 2023, the Group has letters of guarantee amounting to SR 184.4 million (December 31, 2022: SR 87.3 million).

In addition, the Group has contingent liability amounting to SR 10.81 million which has been issued on behalf of the Group in the normal course of business (December 31, 2022: SR 6.8 million).

During its normal business operations, some cases may arise against the Company and some of the Group's subsidiaries and are currently being defended, but the ultimate outcome of these cases cannot be currently determined with certainty. The management believes that the results of these cases will not have a material impact on the Group's interim condensed consolidated financial statements for the three-month period ended March 31, 2023.

**Status of zakat and income tax assessments**

Zakat self-assessments for the Group have been finalized with ZATCA and final zakat certificates obtained for the years up to 2022. The Company has obtained the final zakat certificates for all the years up to 2022.

The zakat and income tax returns for the fiscal years 2019 and 2020 are currently under audit by ZATCA and the final Tax/Zakat assessment is yet to be issued at the date of these interim condensed consolidated financial statements.

All subsidiaries are filing zakat and/or income tax returns regularly as per their country of incorporation regulations and no dispute requires any additional provisions.

**Capital commitments**

As at March 31, 2023, the Group has capital commitments amounting to SR 138.35 million (December 31, 2022: SR 83.6 million).

**18. Subsequent Events**

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

**19. Comparative figures**

Certain comparative figures have been reclassified to comply with the current period presentation of these interim condensed consolidated financial statements.

**20. Approval of the Interim Condensed Consolidated Financial Statements**

The interim condensed consolidated financial statements have been approved by the Group's Board of Directors on Shawwal 25, 1444H (corresponding to May 15, 2023G).