

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES  
CORPORATION  
(SPIMACO – ADDWAEIH COMPANY)  
(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
31 DECEMBER 2025**

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO – ADDWAEIH COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**  
**31 DECEMBER 2025**

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## KPMG Professional Services Company

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

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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

المركز الرئيسي في الرياض

# Independent Auditor's Report

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

## Opinion

We have audited the consolidated financial statements of **Saudi Pharmaceutical Industries and Medical Appliances Corporation (SPIMACO – ADDWAEIH COMPANY)** ("the Company") and its subsidiaries ("the Group"), which comprise of the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, as applicable to audits of the financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



# Independent Auditor's Report

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

Key Audit Matters (continued)	
Revenue recognition	
Refer to note (6) to the consolidated financial statements for the accounting policy relating to revenue recognition and note (29) to the consolidated financial statements for the related disclosures.	
The key audit matter	How the matter was addressed in our audit
<p>During the year ended 31 December 2025, The Group recognized revenue of ﷲ 1.71 billion (2024: ﷲ 1.68 billion)</p> <p>Revenue recognition is considered as a key audit matter due to diverse set of revenue streams requiring application of complex judgment under the relevant accounting standards, including those related to accounting for discounts and rebates.</p>	<p>Our procedures to assess revenue recognition included the following:</p> <ul style="list-style-type: none"><li>– Evaluated the appropriateness of the Group accounting policies related to revenue recognition including those related to discounts and rebates.</li><li>– Assessed the design and implementation of key controls over management's process for revenue recognition.</li><li>– Tested on a samples basis the amounts recorded for different streams of revenue, including inspection of invoices, contracts, delivery acknowledgments.</li><li>– Evaluated the reasonableness of management's key judgements in estimating variable consideration and discounts/rebates, including significant assumptions.</li><li>– Evaluated the completeness and accuracy of data used by management in estimating the variable consideration including discounts.</li><li>– Examined the appropriateness of the Group's revenue recognition-related disclosures in the consolidated financial statements</li></ul>



# Independent Auditor's Report

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

Key Audit Matters (continued)	
Impairment on financial assets – IFRS 9	
<p>Refer to notes (3) and (6) to the consolidated financial statements for the accounting estimate and accounting policy relating to loss allowance based on expected credit losses (“ECLs”) and notes (14) and (36) to the consolidated financial statements for the related disclosures.</p>	
The key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2025, The carrying value of trade receivables and related parties amounted to <del>ﷲ</del> 1.43 billion (2024: <del>ﷲ</del>1.40 billion).</p> <p>The Group recognizes a loss allowance for expected credit losses (ECL) on trade receivables and due from related parties.</p> <p>Due to complexity, subjectivity, uncertainty and use of multiple assumptions involved in the calculation of ECL, we have identified this as a key audit matter.</p>	<p>Our procedures to assess impairment of financial assets included the following:</p> <ul style="list-style-type: none"> <li>– Evaluated the appropriateness of the accounting policies based on IFRS 9’s requirements, our business understanding and industry practice.</li> <li>– Identified and evaluated the design and implementation of relevant controls.</li> <li>– Evaluated the reasonableness of management’s key judgements in estimating ECL, including selection and application of methods/models and significant assumptions.</li> <li>– Involved our valuation specialists to assess appropriateness of significant assumptions/ judgements.</li> <li>– Tested the accuracy and relevance of the information used in the model, including tested trade receivables and related parties ageing and tested the actual collections, which are used to estimate recoveries in the model.</li> <li>– Evaluated the appropriateness and tested the mathematical accuracy of models applied.</li> <li>– Evaluated the adequacy of the disclosures included by management in the consolidated financial statements.</li> </ul>



# Independent Auditor's Report

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

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, Board of Directors, are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

## Independent Auditor's Report

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Saudi Pharmaceutical Industries and Medical Appliances Corporation ("the Company") and its subsidiaries ("the Group")**.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### KPMG Professional Services Company



**Naif Abdulrahman Edrees**  
License No: 457



Riyadh, 7 April 2026  
Corresponding to 19 Shawwal 1447H

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO – ADDWAEIH COMPANY)**  
(A SAUDI JOINT STOCK COMPANY)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2025**

(All amounts in thousands of  $\text{SAR}$  unless otherwise stated)

	Note	31 December 2025	31 December 2024
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,543,715	1,573,629
Assets under construction	8	233,577	172,318
Intangible assets	9	104,147	102,296
Right-of-use assets	10	6,506	25,708
Equity-accounted investees	11	81,425	67,734
Deferred tax assets	12	22,245	21,397
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,991,615</b>	<b>1,963,082</b>
<b>CURRENT ASSETS</b>			
Inventories	13	611,029	646,091
Trade receivables	14	1,176,435	1,174,997
Due from related parties	36	25,099	15,330
Investments at fair value through profit or loss (FVTPL)	15	495	480
Prepayments and other assets	16	179,191	242,225
Short term investments	17	179,981	155,000
Cash and cash equivalents	18	203,906	122,143
<b>TOTAL CURRENT ASSETS</b>		<b>2,376,136</b>	<b>2,356,266</b>
<b>TOTAL ASSETS</b>		<b>4,367,751</b>	<b>4,319,348</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	19	1,200,000	1,200,000
Statutory reserve	20	360,685	360,685
Treasury shares	20	(19,937)	(19,937)
Foreign currency translation reserve		(26,461)	(43,348)
Share-based payments reserve	20	2,880	1,175
Retained earnings / (accumulated losses)		79,479	(120,273)
<b>Equity attributable to the Shareholders of the Parent</b>		<b>1,596,646</b>	<b>1,378,302</b>
Non-controlling interests	21	165,514	153,017
<b>TOTAL EQUITY</b>		<b>1,762,160</b>	<b>1,531,319</b>
<b>LIABILITIES</b>			
<b>NON- CURRENT LIABILITIES</b>			
Loans and borrowings	22	462,178	462,463
Lease liabilities	10	4,935	8,367
Employees' end-of-service benefit obligations	23	187,085	222,300
Government grant	24	39,693	40,220
Contract liabilities	25	51,843	44,594
<b>TOTAL NON- CURRENT LIABILITIES</b>		<b>745,734</b>	<b>777,944</b>
<b>CURRENT LIABILITIES</b>			
Loans and borrowings – current portion	22	965,431	1,038,670
Lease liabilities - current portion	10	1,745	3,043
Zakat and income tax payable	26	52,088	62,435
Trade payables and other liabilities	27	495,588	567,999
Dividends payable	28	168,976	168,108
Refund liabilities	25	176,029	169,830
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,859,857</b>	<b>2,010,085</b>
<b>TOTAL LIABILITIES</b>		<b>2,605,591</b>	<b>2,788,029</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,367,751</b>	<b>4,319,348</b>

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

*Abdulaziz Aloud*

Chief Financial Officer

*Ahmed Aljedai*

Managing Director

*[Signature]*

Authorized Board Member

The accompanying notes from pages 12 to 67 form an integral part of these consolidated financial statements.

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO – ADDWAEIH COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in thousands of ~~ﷲ~~ unless otherwise stated)

	Note	2025	2024
Revenues	29	1,706,711	1,682,000
Cost of sales		(874,157)	(844,970)
<b>Gross profit</b>		<b>832,554</b>	837,030
Selling and marketing expenses	30	(289,404)	(332,982)
General and administrative expenses	31	(234,797)	(271,417)
Research and development expenses	32	(60,479)	(76,385)
Impairment loss on financial assets	14, 36	(21,300)	(37,059)
Other income	33	39,668	18,272
<b>Operating profit</b>		<b>266,242</b>	137,459
Finance costs	34	(98,141)	(95,840)
Finance income	17, 18	13,197	7,657
Share of results of equity-accounted investees	11	24,352	22,733
<b>Profit before zakat and income tax</b>		<b>205,650</b>	72,009
Zakat and income tax	26	(9,730)	(33,489)
Deferred tax credit / (expense)	12	890	(6,678)
<b>Profit for the year</b>		<b>196,810</b>	31,842
<b>Profit attributable to:</b>			
Shareholders of the Parent		184,363	24,535
Non-controlling interests	21	12,447	7,307
		<b>196,810</b>	31,842
<b>Earnings per share</b>			
Basic and diluted ( <del>ﷲ</del> )	35	1.54	0.21

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

*Abdulaziz Aloud*

Chief Financial Officer

*Ahmed Alyedai*

Managing Director



Authorized Board Member

The accompanying notes from pages 12 to 67 form an integral part of these consolidated financial statements.

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO – ADDWAEIH COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in thousands of ~~ﷲ~~ unless otherwise stated)

	Note	2025	2024
<b>Profit for the year</b>		<b>196,810</b>	31,842
Other comprehensive income / (loss)			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		16,887	(1,316)
<i>Items that will not be reclassified to profit or loss subsequently:</i>			
Actuarial gain / (loss) on employees' end of service benefits	23	15,900	(4,042)
Share of other comprehensive loss in equity-accounted investees	11	(461)	-
<b>Other comprehensive income / (loss) for the year</b>		<b>32,326</b>	(5,358)
<b>Total comprehensive income for the year</b>		<b>229,136</b>	26,484
<b>Total comprehensive income attributable to:</b>			
Shareholders of the Parent Company		216,639	18,936
Non-controlling interests	21	12,497	7,548
		<b>229,136</b>	26,484

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

*Abdulaziz Aloud*

Chief Financial Officer

*Almed Aljedai*

Managing Director



Authorized Board Member

The accompanying notes from pages 12 to 67 form an integral part of these consolidated financial statements.

## SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION (SPIMACO – ADDWAEIH COMPANY)

(A SAUDI JOINT STOCK COMPANY)

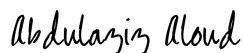
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

(All amounts in thousands of ﷻ unless otherwise stated)

	Share capital	Statutory reserve	Treasury shares	Foreign currency translation reserve	Share-based payment reserve	(Accumulated losses) / Retained earnings	Equity attributable to the Shareholders of the Parent	Non-controlling interests	Total equity
Balance as at 1 January 2024	1,200,000	360,685	(8,002)	(42,032)	-	(135,472)	1,375,179	140,416	1,515,595
Profit for the year	-	-	-	-	-	24,535	24,535	7,307	31,842
Other comprehensive loss for the year	-	-	-	(1,316)	-	(4,283)	(5,599)	241	(5,358)
Total comprehensive income	-	-	-	(1,316)	-	20,252	18,936	7,548	26,484
Purchase of treasury shares	-	-	(11,935)	-	-	-	(11,935)	-	(11,935)
Share based payment expense (note 20)	-	-	-	-	1,175	-	1,175	-	1,175
Acquisition of non-controlling interest without a change in control	-	-	-	-	-	(5,053)	(5,053)	5,053	-
<b>Balance as at 31 December 2024</b>	<b>1,200,000</b>	<b>360,685</b>	<b>(19,937)</b>	<b>(43,348)</b>	<b>1,175</b>	<b>(120,273)</b>	<b>1,378,302</b>	<b>153,017</b>	<b>1,531,319</b>
Profit for the year	-	-	-	-	-	184,363	184,363	12,447	196,810
Other comprehensive income	-	-	-	16,887	-	15,389	32,276	50	32,326
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,887</b>	<b>-</b>	<b>199,752</b>	<b>216,639</b>	<b>12,497</b>	<b>229,136</b>
Share based payment expense (note 20)	-	-	-	-	1,705	-	1,705	-	1,705
<b>Balance as at 31 December 2025</b>	<b>1,200,000</b>	<b>360,685</b>	<b>(19,937)</b>	<b>(26,461)</b>	<b>2,880</b>	<b>79,479</b>	<b>1,596,646</b>	<b>165,514</b>	<b>1,762,160</b>

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



Chief Financial Officer



Managing Director



Authorized Board Member

The accompanying notes from pages 12 to 67 form an integral part of these consolidated financial statements.

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO – ADDWAEIH COMPANY)**  
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in thousands of ﷲ unless otherwise stated)

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	196,810	31,842
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment (note 7)	75,930	69,328
Depreciation of right of use assets (note 10)	8,053	3,881
Assets under construction written off (note 8)	2,675	17,364
Intangible assets written-off (note 9)	-	8
Amortization of intangible assets (note 9)	13,136	11,498
Share of results of equity accounted investees (note 11)	(24,352)	(22,733)
Gain on disposal of property, plant and equipment	(28,704)	(18,941)
Provision for sales/services discounts and returns, net	6,199	7,945
Provision for net realizable value loss relating to inventories (note 13)	8,912	1,171
Impairment loss on financial assets (note 14, 36)	21,300	37,059
Provision for employees' end of services benefits	36,704	43,197
Amortization of deferred income	(1,192)	(678)
Amortization of contract liability	(5,200)	-
Adjustment of right-of-use asset and lease liabilities	(293)	(329)
Share based payment expense (note 20)	1,705	1,175
Terminated employees' legal claims reversal / (charge) (note 33)	1,639	(5,047)
Finance costs (note 34)	98,141	95,840
Finance income	(13,197)	(7,657)
Deferred tax (credit) / expense	(890)	6,678
Zakat and income tax	9,730	33,489
	<b>407,106</b>	<b>305,090</b>
<b>Change in working capital:</b>		
Inventories	25,775	(49,598)
Trade receivables including due from related parties	(23,178)	(341,480)
Prepayments and other assets	61,887	(105,501)
Trade payables and other liabilities	(59,394)	116,371
	<b>412,196</b>	<b>(75,118)</b>
Finance costs paid (note 22)	(71,984)	(107,091)
Finance income received	8,608	7,636
Financial guarantee paid	-	(28,119)
Finance cost paid relating to lease liabilities	(314)	(1,056)
Zakat and income tax paid	(20,134)	(19,566)
Employees' end of service benefit obligations paid	(56,019)	(107,644)
<b>Net cashflows generated from / (used in) operating activities</b>	<b>272,353</b>	<b>(330,958)</b>

The accompanying notes from pages 12 to 67 form an integral part of these consolidated financial statements.

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO – ADDWAEIH COMPANY)**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in thousands of  $\text{SAR}$  unless otherwise stated)

	2025	2024
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(45,585)	(14,994)
Additions to intangible assets	(10,442)	(31,007)
Additions to Short term investments	(149,981)	(39,500)
Disposal of Short term investments	125,000	-
Proceeds from disposal of property, plant, and equipment	39,553	35,548
Dividends from a joint venture	-	13,185
Additions to asset under construction	(43,556)	(56,277)
<b>Net cash used in investing activities</b>	<b>(85,011)</b>	<b>(93,045)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loans and borrowings (note 22)	1,612,191	1,290,233
Repayment of loans and borrowings (note 22)	(1,713,765)	(889,835)
Lease liabilities paid	(3,208)	(4,578)
Dividends paid	868	(2,778)
Purchase of treasury shares (note 20)	-	(11,935)
<b>Net cash (used in) / generated from financing activities</b>	<b>(103,914)</b>	<b>381,107</b>
<b>Net changes in cash and cash equivalents during the year</b>	<b>83,428</b>	<b>(42,896)</b>
Foreign currency translation adjustments	(1,665)	1,949
Cash and cash equivalents at the beginning of the year	122,143	163,090
<b>Cash and cash equivalents at the end of the year</b>	<b>203,906</b>	<b>122,143</b>
<b><u>Non-cash transactions:</u></b>		
Transfer from right-of-use-asset to asset under construction	10,741	-
Transfer from asset under construction to intangible asset	4,545	54,338
Transfer from asset under construction to property plant and equipment	7,935	315,225
Dividend declared by equity-accounted investees but not received	10,200	-

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

*Abdulaziz Aloud*  
 \_\_\_\_\_  
**Chief Financial Officer**

*Ahmed Aljedai*  
 \_\_\_\_\_  
**Managing Director**

  
 \_\_\_\_\_  
**Authorized Board Member**

The accompanying notes from pages 12 to 67 form an integral part of these consolidated financial statements.

**SAUDI PHARMACEUTICAL INDUSTRIES AND MEDICAL APPLIANCES CORPORATION**  
**(SPIMACO – ADDWAEIH COMPANY)**  
(A SAUDI JOINT STOCK COMPANY)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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(All amounts in thousands of ~~ﷲ~~ 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 16 March 1986) with unified number 7000652177 and formed according to the Ministerial Resolution No. 884 dated Jumada Al-Awwal 10, 1406H (corresponding to January 21, 1986). These consolidated financial statements (‘financial statements’) as at and for year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as ‘the Group’).

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

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

These Consolidated financial statements include the assets, liabilities and activities of the Group and its following branches:

**Branch Commercial**

<b><u>Registration No.</u></b>	<b><u>Unified Number</u></b>	<b><u>Date Of Registration</u></b>	<b><u>Location</u></b>
1010134224	7006451939	4 January 1995	Riyadh
4030086146	7012715293	15 March 1992	Jeddah
2051058378	7013362673	10 August 2014	Khobar
4031222626	7005862474	10 February 2019	Makkah
4650207091	7005862482	10 February 2019	Medina

**1.1 Subsidiaries**

<b>Subsidiary Name</b>	<b>Main activities</b>	<b>Country of incorporation</b>	<b>Ownership</b>	
			<b>2025</b>	<b>2024</b>
Arac Company for healthcare (ARAC)	Pharmaceutical products distributor	Saudi Arabia	<b>100%</b>	100%
Pharmaceutical Industries Company for Distribution (a)	Pharmaceutical products distributor	Saudi Arabia	<b>100%</b>	100%
Aracom Medical Company	Pharmaceutical products distributor	Saudi Arabia	<b>100%</b>	100%
Anora Trading Company (b)	Pharmacy - retail	Saudi Arabia	<b>99%</b>	99%
Dammam Pharmaceutical Company	Pharmaceutical manufacturer	Saudi Arabia	<b>100%</b>	100%
Qassim Medical Service Company	Healthcare service provider	Saudi Arabia	<b>57.27%</b>	57.27%
SPIMACO Saudi Foundation	Pharmaceutical products distributor	Algeria	<b>100%</b>	100%

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

**1.1 Subsidiaries (Continued)**

Subsidiary Name	Main activities	Country of incorporation	Ownership	
			2025	2024
SPIMACO Misr Company for Marketing (a)	Pharmaceutical products marketing	Egypt	100%	100%
SPIMACO Misr Company for Distribution (a)	Pharmaceutical products distributor	Egypt	100%	100%
SPIMACO Egypt Company	Pharmaceutical products distributor	Egypt	100%	100%
SPIMACO Misr for Pharmaceutical Industries	Pharmaceutical manufacturer	Egypt	90.59%	90.59%
SPIMACO Morocco for Pharmaceutical Industries	Pharmaceutical manufacturer	Morocco	78.68%	78.68%

(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 ~~ﷲ~~ 0.3 million, and it is 99% owned by ARAC Healthcare Company (a wholly owned subsidiary of SPIMACO Group). On 17 November 2021, the shareholders of ANORA Trading Company resolved to voluntarily liquidate the Company and appointed a legal liquidator for that purpose. The financial impact from the liquidation of ANORA Trading Company is immaterial as it has insignificant commercial activity and does not have financial commitments. The liquidation process has been completed and the final financial statements for liquidation purposes are expected to be completed and issued in the year 2026 after which, the liquidation process shall be concluded with the Ministry of Commerce (MOC) and Zakat, Tax and Customs Authority (ZATCA).

**1.2 Associates and joint venture**

Associates and joint venture Name	Main activities	Country of incorporation	Ownership	
			2025	2024
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) - Associate	Pharmaceutical manufacturer	Algeria	22%	22%

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**2. BASIS OF PREPARATION**

**a) Statement of Compliance**

These consolidated financial statements of the Group for the year ended 31 December 2025, have been prepared in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants. Details of the Group's material accounting policies are disclosed in note 6.

**b) Basis of measurement**

These consolidated financial statements have been prepared using the accrual basis of accounting and the going concern basis, on a historical cost basis, except for financial instruments measured at fair value, employees' end of service benefit obligation is measured at the present value of future obligations using the Projected Unit Credit Method, and investment in associates and joint venture using the equity method accounting.

**c) Functional and presentation currency**

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

**3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risk and uncertainties include:

- Financial instruments risk management                      Note 37
- Sensitivity analysis disclosures                                      Note 23

**3.1 Judgements**

In the process of applying the Group's material accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

**Determining whether the Group or component of the Group is acting as an agent or principal**

Principles of IFRS 15 “Revenue from contracts with customers” are applied by identifying each specified (i.e. distinct) good or service promised to the customer in the contract and evaluating whether the entity under consideration obtains control of the specified good or service before it is transferred to the customer. This assessment requires significant judgment based on specific facts and circumstances.

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**3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)**

**3.1 Judgements (Continued)**

**Joint arrangements**

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as equity-accounted investments (i.e. using the equity method).

**Impairment of trade receivables**

The Group measures the loss allowance for trade receivables and related parties at an amount equal to lifetime Expected Credit Losses "ECL". The allowance for ECL on trade receivables is estimated using a provision matrix by reference to the past default experience of the debtors and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Trade accounts receivable are normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

**Leases**

Lease liabilities are determined by calculating the present value of the lease payments using an appropriate discount rate. The Group uses the effective interest rate to calculate the present value of lease payments, which represents the long-term incremental borrowing rate.

**Capitalization of property, plant and equipment**

Property, plant and equipment are capitalized when they are considered ready for their intended use and capable of operating in the manner intended by the management and includes key considerations over completion of installation or construction, regulatory approvals or performance testing.

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**3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)**

**3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Useful lives and residual values of property and equipment and intangible assets**

An estimate of the useful lives and residual values of property and equipment and intangible assets is made to calculate depreciation and amortization respectively. These estimates are based on the expected useful lives of relevant assets. Residual value is determined based on experience and observable data where available.

The useful lives and residual values of the Group's assets are determined by management based on technical evaluation at the time the asset is acquired and reviewed annually for appropriateness. Their lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

**Extension and termination options of lease agreements**

Extension and termination options are included in a number of lease agreements. These terms are used to increase operational flexibility in terms of contract administration. Most extension and termination options held are exercisable by both the Group and the lessor.

In determining the term of the lease, the management considers all facts and circumstances that create an economic incentive to exercise the option to extend, or not to exercise the option to terminate. Extension options (or the periods following the termination options) are included in the lease term only if the lease is reasonably certain to be extended (or not to be terminated). The assessment is reviewed if a significant event or a significant change in the circumstances affecting this assessment occurs and which is within the control of the lessee.

**Determining the discount rate for Lease payments**

Lease payments are discounted using the Group's Incremental Borrowing Rate ("IBR"). Management exercises judgment in determining IBR at the commencement of a lease.

**Impairment of non-financial assets**

An impairment loss is recognized for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate to calculate the present value of those cash flows. In the process of measuring expected future cash flow management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Group's assets within the next financial year.

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**3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)**

**3.2 Estimates and assumptions (Continued)**

**Long-term assumptions of employees' end-of-service benefit obligations**

Employees' end-of-service benefit obligations represent obligations which will be paid in the future upon the termination of employment contracts. Management has to make assumptions about the variables such as discount factor, salary increase rate, mortality rates and employee turnover. The Group's management periodically takes advice from actuaries on these assumptions. Changes in key assumptions could materially affect the provision for employees' end of service benefit obligations.

**Recognition and measurement of provisions**

Key assumptions about the likelihood and magnitude of an outflow of resources.

**Revenue recognition**

Amounts recorded for revenue deductions can result from a complex series of judgments about future events and uncertainties and can rely heavily on estimates and assumptions. The methodology and assumptions used to estimate rebates, rejection rates, volume discounts, and returns are monitored and adjusted regularly in light of contractual and legal obligations, historical trends, experience, and projected market conditions.

**Estimate of Zakat, current and deferred income taxes**

The Group's zakat and tax charge on ordinary activities is the sum of the total zakat, current and deferred tax charges. The calculation of the Group's zakat and total tax charge involves a degree of estimation and judgment with respect to certain items whose treatment cannot be finally determined until a resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

The final resolution of some of these items may give rise to material profits / (losses) and/or cash flows. The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

**4. NEW AND AMENDED STANDARDS AND INTERPRETATIONS**

The following table lists the Standards that are required to be applied for annual period beginning after 1 January 2025. The adoption of the following amendments to the existing standards had no significant impact on the consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

<u>Standard /</u> <u>Interpretation</u>	<u>Description</u>	<u>Effective from periods</u> <u>beginning after the</u> <u>following date</u>
IAS 21	Lack of Exchangeability (Amendments to IAS 21)	1 January 2025

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**5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements of the Group are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective, and the Group is currently analyzing the impacts of these forthcoming pronouncements.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning after the following date</u>
IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Classification and Measurement of financial instruments - Amendments to IFRS 9 and IFRS 7 Contracts referencing nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7 Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18	IFRS 18 Presentation and Disclosure in Financial Statement	1 January 2027
IFRS 19	IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of the Group in the period of initial application.

**6. MATERIAL ACCOUNTING POLICIES**

The following are the material accounting policies applied by the Group in preparing its consolidated financial statements:

**BASIS OF CONSOLIDATION**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the reporting date.

Control is achieved when the Company is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company directly or indirectly has:

- Power 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 involvement with the investee.
- The ability to use its power over the investee to affect its returns.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**BASIS OF CONSOLIDATION (Continued)**

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

- Any contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") is attributed to the shareholders of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full-on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

**BUSINESS COMBINATIONS AND GOODWILL**

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the asset given or liabilities incurred or assumed at the date of acquisition, plus the amount of any non-controlling interests in the acquiree. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**BUSINESS COMBINATIONS AND GOODWILL (Continued)**

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

**FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would 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.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**FAIR VALUE MEASUREMENT (Continued)**

All assets and liabilities for which fair value is measured or disclosed in the 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.

For assets and liabilities that are recognized in the 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.

**FOREIGN CURRENCIES**

**Foreign currency transactions and balances**

Foreign currency transactions are translated into functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items at year-end exchange rates are recognized in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when the fair value was determined.

**Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition, are translated into ~~ﷲ~~ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ~~ﷲ~~ at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest (NCI).

**Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into ~~ﷲ~~ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**PROPERTY, PLANT AND EQUIPMENT**

**Recognition and measurement**

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation, and any accumulated impairment losses. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. All other repair and maintenance costs are recognized in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal of an item of property and equipment is recognized in profit or loss.

**Subsequent expenditure**

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

**Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. The land is not depreciated.

The estimated depreciation rate of property, plant and equipment for the respective categories are as follows:

<b><u>Description</u></b>	<b><u>Depreciation rate</u></b>
Buildings	2% to 3%
Plant and machinery	4% to 14 %
Furniture and fixtures	7% to 10%
Office equipment and computers	10% to 20%
Vehicles	7% to 25%

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**ASSETS UNDER CONSTRUCTION**

Assets under construction are stated at cost and not depreciated. Depreciation on assets under construction commences when the assets are ready for their intended use. When assets are ready for their intended use, they are transferred to property, plant and equipment or intangible assets. Finance costs on borrowings to finance the construction of qualified assets are capitalized during the period that is required to complete and prepare the asset for its intended use.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**INTANGIBLE ASSETS**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as of the date of acquisition.

The cost of internally generated assets is initially recognized at cost when:

- It is probable that there will be future economic benefits from the assets and,
- The cost of the assets can be reliably measured.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Expenditure for an intangible item, excluding capitalized development costs, is not capitalized and expenditure is recognized in the statement of profit or loss when it is incurred.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Intangible assets including technologies, software, brand names, and customer lists, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

The significant intangible assets recognized by the Group and amortization rate are as follows:

<b><u>Description</u></b>	<b><u>Amortization rate</u></b>
Technologies	14% to 15%
Brand name	14% to 15%
Customers' list	14% to 15%
Computer software	10% to 15%
Deferred charge, product knowledge and licenses	10%

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**BORROWING COSTS**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**LEASES**

The determination of whether an arrangement is, or contains, a lease is decided at the inception date. An arrangement is, or contains, a lease if it grants the right to control a particular asset or assets for a period of time in exchange for compensation.

**GROUP AS A LESSEE**

**A- Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over their estimated useful life.

**B- Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

**C- Short-term leases and leases of low-value assets**

Short-term leases are leases with a lease term of 12 months or less. Low-value assets are items that do not meet the Group's capitalization threshold and are considered to be insignificant for the statement of financial position for the Group as a whole. Payments for short-term leases and leases of low-value assets are recognized on a straight-line basis in profit or loss.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**INVESTMENTS IN ASSOCIATES AND JOINT VENTURE**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in the OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate and joint venture are eliminated to the extent of the interest in the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After the application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the loss as impairment loss of an associate and a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the remaining investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**IMPAIRMENT OF NON-FINANCIAL ASSETS**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or a Group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in profit or loss from continuing operations.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Such reversal is recognized in profit or loss.

**INVENTORIES**

Inventories are included in the consolidated financial statements at the lower of cost (including raw materials, direct labour, other direct costs and related production overheads) and net realizable value with due allowance for any obsolete or slow-moving items, near-to-expiry products and damages as per Group's policy. The cost of raw materials, consumables, spare parts, and finished goods is determined on a weighted average cost method.

**FINANCIAL ASSETS**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as described below:

**Financial assets at amortized cost**

After initial measurement, financial assets at amortized cost are measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

**Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**FINANCIAL ASSETS (Continued)**

**Derecognition**

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

**Impairment of financial assets**

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach to calculating ECLs. Therefore, the Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, cash in hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**PROVISIONS AND CONTINGENT LIABILITIES**

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Group and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided as a provision.

**EMPLOYEES' END-OF-SERVICE BENEFITS**

**Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution plans are expensed as the related service is provided by the employee. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**Defined benefit plan**

The Group's net obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**EMPLOYEES' END-OF-SERVICE BENEFITS (Continued)**

**Defined benefit plan (Continued)**

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in the benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognized in profit or loss in the period in which they arise.

**FINANCIAL LIABILITIES**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as described below:

**Borrowings and Murabaha financing**

Borrowings and Murabaha financing are initially recognized at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, long-term borrowings and Murabaha financing are measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss over the term/period of the borrowings using the Effective Interest Rate ("EIR") method. Fees paid on loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the drawdown occurs.

Borrowings and Murabaha financing are derecognized from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings and Murabaha financing are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the date of the preparation of the consolidated financial statements.

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged cancelled or expires.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**OFFSETTING OF FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a currently enforceable legal right to offset the recognized amounts and an intent to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

**DIVIDEND PAYMENTS**

The Group recognizes a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized, and the distribution is no longer at the discretion of the Group. As per the Companies Regulations, a distribution is authorized when it is approved by the general assembly of shareholders.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of profit or loss.

**GOVERNMENT GRANTS**

Government grants, including non-monetary grants at fair value received on capital expenditure, are generally deducted in arriving at the carrying amount of the asset purchased. Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognized as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of profit or loss or netted against the asset purchased.

Non-monetary assets, such as land or other resources, are assessed for the fair value of the non-monetary asset as of the grant date and accounted for both grant and asset at that fair value as of that date.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the market rate, the effect of this favourable interest is regarded as a government grant.

**STATUTORY RESERVE**

The statutory reserve included in the consolidated financial statements as of 31 December 2025 and 31 December 2024 was required under the Group's previous bylaws. However, following the amendments made to the Group's bylaws during the year ended 31 December 2024, the requirement to transfer to the statutory reserve is no longer required.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**TREASURY SHARES**

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in the share premium.

**REVENUE**

The Group receives revenue from the sales of goods to customers against orders received. The majority of contracts that the Group enters into relate to sales orders containing single performance obligation (PO) for the delivery of pharmaceutical and consumer healthcare products. The average duration of a sales order is less than 12 months.

**Product revenue**

Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement but generally occurs on delivery to the customer.

Product revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in light of contractual and legal obligations, historical trends, experience, and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly.

A refund liability is recognized for expected returns, rebates and volume discounts in relation to sales made until the end of the reporting period.

Value-added tax and other sales taxes are excluded from revenue.

**Contract manufacturing services revenue**

The Group has arrangements with some licensors to do primary and secondary packaging as well as distribution on behalf of licensors. Revenue under such arrangements is recognized to the extent that the services agreed in the contract with licensors have been rendered. Cost of active pharmaceutical ingredients received from the customer is netted off against the revenue.

**Distribution services revenue**

Revenue is recognised when control of the goods is passed on to the customer after their distribution.

**Principal versus Agent considerations**

The Group has carried out a comprehensive reassessment of these arrangements to determine whether the Group is acting as a principal or an agent when delivering goods to a customer as this will impact whether revenue is recognized on a gross or net basis.

The Group considered factors like having primary responsibility to provide the goods, assuming inventory risk, and having the ability to establish prices. Where such indicators are met the Group is considered acting as a principal and therefore, sales transactions related to the above are recorded on a gross basis.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**REVENUE (Continued)**

**Rendering of healthcare services**

Revenue from services primarily comprises fees charged for inpatient and outpatient hospital services, net of any discount or rebates and expected rejections at the time of providing services to the patients. These include charges for accommodation, operation theatre, medical professional services, equipment, radiology, and laboratory. These services are sold either separately or bundled together with the sale of medicines and related products to a customer. The Group concluded that revenue from bundled services will be recognized both at a point in time as well as over time.

**TRADE PAYABLES AND ACCRUALS**

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

**COST OF SALES**

Cost of sales includes direct costs of sales, including costs of materials, contract and healthcare services, and overheads directly attributable to revenue.

**SELLING, MARKETING, GENERAL AND ADMINISTRATIVE EXPENSES**

Selling, marketing, general administrative and other expenses include direct and indirect costs which are not specifically part of the cost of revenues. Allocations between the cost of revenue and other operating expenses are made consistently when required.

**RESEARCH AND DEVELOPMENT COST**

Development cost is capitalized when the following criteria for recognizing an asset are met:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group can sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of revenue in the consolidated statement of profit or loss.

Development expenditures not satisfying the above criteria and expenditures on the research phase of internal projects or the product failing to get approval from the Saudi Foods and Drug Authority are recognised in the consolidated statement of profit or loss as incurred.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**FINANCE INCOME AND FINANCE COSTS**

The Group's finance income and finance costs include:

- Murabaha income on Sharia Compliant facilities and profit margin on other facilities;
- Murabaha charges on Sharia Compliant facilities and finance costs on other facilities;
- Finance cost on lease liabilities: and
- Finance cost on loan from Saudi Industrial Development Fund ("SIDF")
- Finance cost resulting from employees' end-of-service benefits

Murabaha income/expense on Sharia Compliant facilities and profit margin/finance cost on other facilities are recognized using the effective interest method in the consolidated statement of profit loss.

Finance cost on SIDF is recognised using the market interest rate in the consolidated statement of profit loss.

**ZAKAT AND INCOME TAX**

The Company and its Saudi Arabian subsidiaries are subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Any differences between the provision and the final assessment are recorded at the approval of the final assessment when the provision is closed. The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law. The foreign subsidiaries are subject to tax regulations in their countries of incorporation. Zakat and foreign subsidiaries' income tax is charged to profit or loss.

**CURRENT TAX**

The current tax comprises the expected tax payable or receivable on the taxable income or loss attributable to the non-Saudi shareholders for the period and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

**DEFERRED TAX**

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- Temporary differences in the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group can control the timing of the reversal of the temporary differences and, probably, they will not reverse in the foreseeable future; and

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that future taxable profits will probably be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences.

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**6. MATERIAL ACCOUNTING POLICIES (Continued)**

**DEFERRED TAX (Continued)**

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from how the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**VALUE ADDED TAX**

Revenues, expenses and assets are recognized net of the amount of value-added tax, except:

- Where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value-added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

**SHARED-BASED PAYMENT**

The Group provides a long-term incentive program to certain qualified employees who will be rewarded for their role in achieving the Group's long-term goals and to attract and retain talented employees. The program is entirely based on in kind settlement where the approved participants will receive the Group's shares upon completing the vesting period and achieving the performance measures and fulfilling the necessary conditions by the participant in addition to completing the required approvals by the nomination and remuneration Committee.

The cost of LTIP is recognized in consolidated statement of profit or loss, together with a corresponding increase in share-based payment reserve, in equity over the period during which the services are fulfilled.

The cumulative expense recognized for LTIP at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of Options that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized at the beginning and end of that period.

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7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant and Machinery	Furniture and fixtures	Office equipment and computers	Vehicles	Total
<b>Cost:</b>							
As at 1 January 2024	120,925	1,008,563	928,147	197,210	52,099	18,159	2,325,103
Additions	-	64	12,404	1,142	1,332	52	14,994
Disposals	(5,000)	(33,011)	(1,005)	(967)	(330)	(250)	(40,563)
Transferred from assets under construction (note 8)	-	143,596	166,649	2,574	2,163	243	315,225
Reclassification	-	83,686	(29,406)	(56,370)	9,176	1,083	8,169
Effect of foreign currency translation	(83)	(2,885)	(1,914)	(475)	(143)	-	(5,500)
Reclassification from assets classified as held for sale	29	6,092	15,806	1,176	255	368	23,726
As at 31 December 2024	115,871	1,206,105	1,090,681	144,290	64,552	19,655	2,641,154
<b>Additions</b>	-	<b>4,430</b>	<b>29,705</b>	<b>1,322</b>	<b>6,893</b>	<b>3,235</b>	<b>45,585</b>
<b>Disposals</b>	<b>(8,622)</b>	<b>(2,021)</b>	<b>(10,936)</b>	<b>(6,614)</b>	<b>(460)</b>	<b>(1,436)</b>	<b>(30,089)</b>
<b>Transferred from assets under construction (note 8)</b>	-	<b>1,077</b>	<b>6,066</b>	<b>205</b>	<b>156</b>	<b>431</b>	<b>7,935</b>
<b>Effect of foreign currency translation</b>	<b>300</b>	<b>2,290</b>	<b>2,379</b>	<b>111</b>	<b>176</b>	<b>24</b>	<b>5,280</b>
<b>As at 31 December 2025</b>	<b>107,549</b>	<b>1,211,881</b>	<b>1,117,895</b>	<b>139,314</b>	<b>71,317</b>	<b>21,909</b>	<b>2,669,865</b>
<b>Accumulated Depreciation</b>							
As at 1 January 2024	-	286,815	523,056	148,356	42,647	15,226	1,016,100
Charge for the year	-	18,735	36,135	8,838	4,133	1,487	69,328
Disposals	-	(21,826)	(939)	(764)	(301)	(125)	(23,955)
Reclassification	-	61,985	(36,648)	(35,888)	8,831	256	(1,464)
Effect of foreign currency translation	-	(652)	(650)	(376)	(107)	(143)	(1,928)
Reclassification from assets classified as held for sale	-	1,331	6,625	915	229	344	9,444
As at 31 December 2024	-	346,388	527,579	121,081	55,432	17,045	1,067,525
<b>Charge for the year</b>	-	<b>22,891</b>	<b>42,347</b>	<b>4,894</b>	<b>4,059</b>	<b>1,739</b>	<b>75,930</b>
<b>Disposals</b>	-	<b>(1,317)</b>	<b>(10,253)</b>	<b>(5,859)</b>	<b>(375)</b>	<b>(1,436)</b>	<b>(19,240)</b>
<b>Effect of foreign currency translation</b>	-	<b>544</b>	<b>1,211</b>	<b>80</b>	<b>82</b>	<b>18</b>	<b>1,935</b>
<b>As at 31 December 2025</b>	-	<b>368,506</b>	<b>560,884</b>	<b>120,196</b>	<b>59,198</b>	<b>17,366</b>	<b>1,126,150</b>
<b>Net book value :</b>							
<b>31 December 2025</b>	<b>107,549</b>	<b>843,375</b>	<b>557,011</b>	<b>19,118</b>	<b>12,119</b>	<b>4,543</b>	<b>1,543,715</b>
31 December 2024	115,871	859,717	563,102	23,209	9,120	2,610	1,573,629

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**7. PROPERTY, PLANT AND EQUIPMENT (Continued)**

As at 31 December 2025, a property with a carrying value of ~~ﷲ~~ 7.8 million (31 December 2024: ~~ﷲ~~ 7.8 million) has been pledged to secure borrowings of an associated entity. As at 31 December 2025, property, plant and equipment with a carrying value of ~~ﷲ~~ 132.19 million (31 December 2024: ~~ﷲ~~ 139.21 million) has been pledged to secure the borrowings of a subsidiary entity.

**8. ASSETS UNDER CONSTRUCTION**

	<b>31 December 2025</b>	31 December 2024
Property, plant and equipment	<b>202,912</b>	149,007
Intangible assets	<b>30,665</b>	23,311
	<b>233,577</b>	172,318

The movement of assets under construction during the year is as follows:

	<b>2025</b>	2024
As at 1 January	<b>172,318</b>	514,396
Additions during the year	<b>43,556</b>	56,277
Transfer to property, plant and equipment (note 7)	<b>(7,935)</b>	(315,225)
Transfer to intangible assets (note 9)	<b>(4,545)</b>	(54,338)
Transfer from right-of-use asset (note 10)	<b>10,741</b>	-
Reclassification from property, plant and equipment and intangible assets	-	(8,371)
Other adjustment	<b>5,722</b>	-
Written off	<b>(2,675)</b>	(17,364)
Effect of foreign currency translation	<b>16,395</b>	(4,365)
Reclassified from assets classified as held for sale	-	1,308
<b>As at 31 December</b>	<b>233,577</b>	172,318

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**9. INTANGIBLE ASSETS**

	<b>Brand Name, Clients List, and Technologies</b>	<b>Product Knowledge and Licenses</b>	<b>Computer Software</b>	<b>Total</b>
<b>Cost:</b>				
As at 1 January 2024	-	28,201	96,762	124,963
Additions	-	2,500	28,507	31,007
Disposals / written off	-	-	(8)	(8)
Transferred from asset under construction (note 8)	-	25,670	28,668	54,338
Reclassification	-	-	202	202
Effect of foreign currency translation	-	-	(6)	(6)
Reclassified from assets classified as held for sale	82,874	-	-	82,874
As at 31 December 2024	<b>82,874</b>	<b>56,371</b>	<b>154,125</b>	<b>293,370</b>
<b>Additions</b>	-	-	<b>10,442</b>	<b>10,442</b>
<b>Written off</b>	-	-	<b>(1,138)</b>	<b>(1,138)</b>
<b>Transferred from asset under construction (note 8)</b>	-	<b>4,032</b>	<b>513</b>	<b>4,545</b>
<b>Effect of foreign currency translation</b>	-	-	<b>13</b>	<b>13</b>
<b>As at 31 December 2025</b>	<b>82,874</b>	<b>60,403</b>	<b>163,955</b>	<b>307,232</b>
<b>Accumulated amortization:</b>				
As at 1 January 2024	-	10,169	85,071	95,240
Charge for the year	-	5,635	5,863	11,498
Reclassification	-	-	1,465	1,465
Effect of foreign currency translation	-	-	(3)	(3)
Reclassified from assets classified as held for sale	82,874	-	-	82,874
As at 31 December 2024	<b>82,874</b>	<b>15,804</b>	<b>92,396</b>	<b>191,074</b>
<b>Charge for the year</b>	-	<b>2,870</b>	<b>10,266</b>	<b>13,136</b>
<b>Written off</b>	-	-	<b>(1,138)</b>	<b>(1,138)</b>
<b>Effect of foreign currency translation</b>	-	-	<b>13</b>	<b>13</b>
<b>As at 31 December 2025</b>	<b>82,874</b>	<b>18,674</b>	<b>101,537</b>	<b>203,085</b>
<b>Net book value:</b>				
<b>As at 31 December 2025</b>	-	<b>41,729</b>	<b>62,418</b>	<b>104,147</b>
As at 31 December 2024	-	40,567	61,729	102,296

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**10. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES**

As at 31 December 2025, the Group has lease contracts for land and building.

**10.1 RIGHT OF USE ASSETS**

The movement of right-of-use assets during the year ended is as follows:

	<b>2025</b>	2024
As at 1 January	<b>25,708</b>	32,204
Additions	-	346
Adjustments	-	703
Depreciation charge for the year	<b>(8,053)</b>	(3,881)
Disposals	<b>(1,237)</b>	(3,252)
Transfer to asset under construction	<b>(10,741)</b>	-
Effect of foreign currency translation	<b>829</b>	(412)
<b>As at 31 December</b>	<b>6,506</b>	25,708

The carrying amount of right-of-use asset by class of underlying asset is as follows:

	<b>31 December 2025</b>	31 December 2024
Land and building	<b>6,506</b>	10,479
Plant and machinery	-	15,229
	<b>6,506</b>	25,708

**10.2 LEASE LIABILITIES**

The movement of lease liabilities during the years ended 31 December is as follows:

	<b>2025</b>	2024
As at 1 January	<b>11,410</b>	18,504
Additions	-	346
Disposal	<b>(1,530)</b>	(3,621)
Adjustments	-	743
Finance cost	<b>314</b>	1,056
Effect of foreign currency translation	<b>8</b>	16
Payments	<b>(3,522)</b>	(5,634)
<b>As at 31 December</b>	<b>6,680</b>	11,410
<b>Current portion</b>	<b>1,745</b>	3,043
<b>Non-current portion</b>	<b>4,935</b>	8,367
	<b>6,680</b>	11,410

Expenses relating to short-term and low-value asset leases are ~~ﷲ~~ 1.04 million (2024: ~~ﷲ~~ 1.42 million). The discount rate used in calculating lease obligations ranges from 4.85% to 9.65%. The future payments of lease liabilities are as follows:

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**10. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES (Continued)**

**10.2 LEASE LIABILITIES (Continued)**

	31 December 2025			31 December 2024		
	Minimum lease payment	Finance cost allocated to future lease payment	Present value of minimum lease payment	Minimum lease payment	Finance cost allocated to future lease payment	Present value of minimum lease payment
Not later than one year	1,999	(254)	1,745	3,550	(507)	3,043
Later than one year but not later than five years	4,621	(274)	4,347	9,057	(1,341)	7,716
Above five years	593	(5)	588	1,237	(586)	651
	<b>7,213</b>	<b>(533)</b>	<b>6,680</b>	<b>13,844</b>	<b>(2,434)</b>	<b>11,410</b>

**11. EQUITY-ACCOUNTED INVESTEEES**

The Group has investments in a joint venture and associates i.e. ENAYAH, CAD and TAPHCO as disclosed in note 1.2.

	2025	2024
As at 1 January	67,734	58,186
Share of results for the year	24,352	22,733
Share of OCI for the year	(461)	-
Dividends	(10,200)	(13,185)
<b>As at 31 December</b>	<b>81,425</b>	<b>67,734</b>
	<b>31 December 2025</b>	31 December 2024
Arabian Medical Products Manufacturing Company (ENAYAH)	81,425	67,734
CAD Middle East Pharmaceutical Company	-	-
Tassili Arab Pharmaceutical Company (TAPHCO)	-	-
	<b>81,425</b>	<b>67,734</b>

The following table illustrates the summarized financial information of Arabian Medical Products Manufacturing Company (ENAYAH) as at 31 December and for the years then ended:

	31 December 2025	31 December 2024
Current assets	222,955	195,244
Non-current assets	27,009	11,181
Current liabilities	(71,573)	(52,714)
Non-current liabilities	(20,773)	(20,898)
	<b>157,618</b>	<b>132,813</b>
Group's share in equity (%)	<b>51%</b>	51%
Group's share in equity (in <del>ﷲ</del> )	<b>81,425</b>	67,734
Carrying amount of investment in joint venture	<b>81,425</b>	<b>67,734</b>

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**11. EQUITY-ACCOUNTED INVESTEEES (Continued)**

	<b>31 December 2025</b>	31 December 2024
Revenue	<b>236,997</b>	204,458
Direct costs	<b>(148,669)</b>	(132,271)
Selling and distribution expenses	<b>(17,819)</b>	(11,802)
Administrative expenses	<b>(20,438)</b>	(16,271)
Impairment loss on trade receivable and related parties	<b>(230)</b>	-
Other income	<b>538</b>	461
Finance cost	<b>(164)</b>	
Profit before tax and zakat	<b>50,215</b>	44,575
Zakat and tax expense	<b>(4,852)</b>	-
Profit for the year	<b>45,363</b>	44,575
Group's share of results	<b>24,352</b>	22,733
Other comprehensive loss	<b>(904)</b>	-
Group's share of other comprehensive loss	<b>(461)</b>	-
<b>Major balance sheet items</b>	<b>31 December 2025</b>	31 December 2024
Cash and cash equivalent	<b>3,312</b>	14,886
Current financial liabilities (excluding Trade payables and other liabilities and provision)	<b>8,238</b>	40,446
Non current financial liabilities (excluding Trade payables and other liabilities and provision)	<b>20,773</b>	555
Depreciation and amortization	<b>3,615</b>	1,975
Zakat and income tax expense	<b>4,852</b>	-

**12. DEFERRED TAX ASSETS**

The movement in the deferred tax asset during the years ended 31 December is as follows:

	<b>2025</b>	2024
As at 1 January	<b>21,397</b>	28,602
Credit / (expense) during the year	<b>890</b>	(6,678)
(Reclassification from) / attributable to assets classified as held for sale	<b>-</b>	(527)
Effects of foreign currency translation	<b>(42)</b>	-
<b>As at 31 December</b>	<b>22,245</b>	21,397

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**12. DEFERRED TAX ASSETS (Continued)**

Deferred tax assets resulted from the temporary differences from the below items and after applying the tax rate applicable in relevant subsidiaries' jurisdictions.

	<b>31 December 2025</b>	31 December 2024
<b>Deductible / (taxable) temporary differences</b>		
Provisions	26,925	17,650
Carry forward losses	9,792	12,772
Reclassification from assets classified as held for sale	-	(527)
Property, plant and equipment and intangibles	(14,472)	(8,498)
<b>As at 31 December</b>	<b>22,245</b>	21,397

**13. INVENTORIES**

	<b>31 December 2025</b>	31 December 2024
Finished goods	397,899	443,006
Raw materials	213,500	204,515
Work in progress	16,945	24,446
Stores and spares	30,628	28,659
Goods in transit	46	4,492
	659,018	705,118
<b>Less: Provision for net realizable value (NRV) loss</b>	(47,989)	(59,027)
	<b>611,029</b>	646,091

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

	<b>2025</b>	2024
As at 1 January	59,027	64,237
Charge during the year	8,912	1,171
Written off	(20,324)	(234)
Effect of foreign currency translation	374	(6,352)
Reclassified from assets classified as held for sale	-	205
<b>As at 31 December</b>	<b>47,989</b>	59,027

During the year, the material consumed charged to profit or loss amounted to ~~ﷲ~~ 543.5 million (31 December 2024: ~~ﷲ~~ 585.9 million). Further, during the year, the provision for net realizable value majorly includes expired and near expired goods.

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**14. TRADE RECEIVABLES**

	<b>31 December 2025</b>	31 December 2024
Trade receivables - third party	1,287,422	1,264,546
Trade receivables - related party (note 36)	37,879	37,879
	<b>1,325,301</b>	1,302,425
Less: impairment provision - third party	(110,987)	(93,918)
Less: impairment provision - related party (note 36)	(37,879)	(33,510)
	<b>1,176,435</b>	1,174,997

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 38.

Ageing analysis of trade receivables due is as follows:

	<b>31 December 2025</b>	31 December 2024
Not yet due	741,390	780,727
Up to 3 months	175,231	145,227
3 to 6 months	114,801	78,842
6 to 12 months	53,568	44,958
Over 1 year	240,311	252,671
	<b>1,325,301</b>	1,302,425

Management performs an impairment analysis at each reporting date using an allowance matrix to measure Expected Credit Losses ("ECLs"). The allowance rates are based on days past due for groupings of various customer segments with similar loss patterns.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for third party customers as at 31 December 2025:

	<b>31 December 2025</b>		
	<b>ECL rate</b>	<b>Exposure</b>	<b>ECL</b>
Not yet due	1.33%	741,390	9,832
Up to 3 months	3.45%	175,231	6,045
3 to 6 months	5.58%	114,801	6,411
6 to 12 months	7.75%	53,568	4,149
Over 1 year	41.77%	202,432	84,550
		<b>1,287,422</b>	<b>110,987</b>

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**14. TRADE RECEIVABLES (Continued)**

The movement in impairment provision is as follows:

	2025	2024
As at 1 January	93,918	112,854
Charge for the year	17,640	28,664
Written-off	(1,442)	(47,494)
Reclassified from assets classified as held for sale	-	15
Effect of foreign currency translation	871	(121)
<b>As at 31 December</b>	<b>110,987</b>	<b>93,918</b>

**15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)**

	2025	2024
As at 1 January	480	459
Revaluation during the year	15	21
<b>As at 31 December</b>	<b>495</b>	<b>480</b>

**16. PREPAYMENTS AND OTHER ASSETS**

	31 December 2025	31 December 2024
Advances to suppliers (note 16.1)	85,424	169,596
VAT refundable	51,401	46,870
Prepaid insurance and other expenses	21,403	18,556
Accrued finance income	6,144	1,570
Due from employees	467	1,098
Others	14,352	4,535
	<b>179,191</b>	<b>242,225</b>

**16.1** This includes advances provided against capital expenditures amounting ~~ﷲ~~ Nil (31 December 2024: ~~ﷲ~~ 34.20 million).

**17. SHORT TERM INVESTMENTS**

This represents Shariah-compliant deposits placed at one of the local banks, with profit margins ranging from 4.85% to 6% (31 December 2024: 5.36% to 5.7%), with a maturity of more than 3 months and less than a year. During the year ended 31 December 2025, the Group earned ~~ﷲ~~ 9.6 million (31 December 2024: ~~ﷲ~~ 7.6 million) and received ~~ﷲ~~ 5.1 million (31 December 2024: ~~ﷲ~~ 7.6 million).

**18. CASH AND CASH EQUIVALENTS**

	31 December 2025	31 December 2024
Cash in hand	378	1,169
Cash at banks	157,528	120,974
Short-term deposits *	46,000	-
	<b>203,906</b>	<b>122,143</b>

\* As at 31 December 2025, this represents short-term Murabaha deposits held with various banks with profit margins ranging from 3.75% to 4.65% with a maturity of less than 3 months. During the year ended 31 December 2025, the Group earned ~~ﷲ~~ 3.6 million and received ~~ﷲ~~ 1 million.

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**19. SHARE CAPITAL**

	<b>31 December 2025</b>	31 December 2024
Share capital issued and fully paid at <del>ﷲ</del> 10 each	<b>1,200,000</b>	1,200,000
 <b>Percentage of shareholding</b>		
	<b>31 December 2025</b>	31 December 2024
Saudi Shareholding	<b>72.78%</b>	72.78%
Non-Saudi Shareholding – Arab Company for Drug Industries and Medical Appliances - Jordan (ACDIMA)	<b>20.48%</b>	20.48%
Non-Saudi Shareholding – Others	<b>6.74%</b>	6.74%

**20. RESERVES**

**STATUTORY RESERVE**

The statutory reserve included in the consolidated financial statements as of 31 December 2025 and 31 December 2024 was required under the Group’s previous bylaws. However, following the amendments made to the Group’s bylaws during the year ended 31 December 2024, the requirement to transfer to the statutory reserve is no longer required.

**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 Group’s shares, with a maximum of 815,000 shares. The Group completed the purchase of 645,000 shares amounting to ~~ﷲ~~ 19.94 million to be allocated to the Employees’ Long-term Incentives Program (LTIP) and be granted to high-performing employees. The program intends to attract, motivate, and retain employees responsible for the achievement of the Group’s goals and strategies. The program provides a share-based payment plan for all eligible employees participating in the program by granting them shares in the Group upon completing the duration of service. The Group accounts for the share-based payment plan program as an equity-settled share-based payment.

**SHARE-BASED PAYMENTS RESERVE**

The Group's Board of Directors (“BoD”) has granted an award under the Group's Long Term Incentive Plan (LTIP) to its eligible executives. The effective date of the grant date is 1 January 2024. The cycle of the benefits is 3 years.

The Group provides a long-term incentive program (“the program”) to certain qualified employees who will be rewarded for their role in achieving the Group’s long-term goals and to attract and retain talented employees. The program focuses on both current and future performance and enables participants to contribute to the Group’s success and is measured based on performance rates determined by the nomination and remuneration Committee.

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**20. RESERVES (Continued)**

**SHARE-BASED PAYMENTS RESERVE (Continued)**

The program is entirely based on in kind settlement where the approved participants will receive the Group’s shares (restricted shares “treasury shares”) upon completing the vesting period and achieving the performance measures and fulfilling the necessary conditions by the participant in addition to completing the required approvals by the nomination and remuneration Committee.

To participate in the plan, employees must meet the eligibility criteria as set by the Group including a minimum year of service in the Group maintaining excellent performance rating in addition to other factors. Only employees that remain in service will be entitled to this option.

During the year second tranche was launched with effect from 1 January 2025. The cycle of the benefits is 3 years.

The total expense of **ﷲ** 1.71 million related to the program for the year ended 31 December 2025 (31 December 2024: **ﷲ** 1.17) was charged to employees’ benefit expense with a corresponding increase in the statement of changes in equity.

The following table presents the number of share options, and movements therein, during the year (in absolute numbers):

	<b>2025</b>	2024
At 1 January	<b>145,616</b>	-
Granted during the year	<b>261,501</b>	145,616
Lapsed during the year	<b>(176,086)</b>	-
Outstanding at 31 December	<b>231,031</b>	145,616

The fair value per option is estimated at the grant date based on the market price of the shares at the grant date was 34.3 and 25.25 on 1 January 2024 and 1 January 2025 respectively.

The following table shows movement during the year:

	<b>2025</b>	2024
At 1 January	<b>1,175</b>	-
Expense during the year	<b>1,705</b>	1,175
At 31 December	<b>2,880</b>	1,175

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21. NON-CONTROLLING INTERESTS (NCI)

The following table summarizes the information relating to each of the Group’s subsidiaries that have NCI:

	Qassim Medical Services Company	Anora Trading Company	SPIMACO Misr for Pharmaceuticals Industries	SPIMACO Morocco for Pharmaceuticals Industries	Total
<b>31 December 2025</b>					
NCI percentage	42.73%	1%	9.41%	21.32%	
Non-current assets	84,472	-	9,710	202,709	296,891
Current assets	300,585	-	1,235	79,411	381,231
Non-current liabilities	(32,354)	-	-	(20,279)	(52,633)
Current liabilities	(57,105)	-	(8,510)	(79,026)	(144,641)
Net assets / (liability)	295,598	-	2,435	182,815	480,848
Net assets / (liability) attributable to NCI	126,309	-	229	38,976	165,514
Revenue	179,160	-	107	29,907	209,174
Profit / (loss) for the year	31,637	-	(3,953)	(3,279)	24,405
Other comprehensive income for the year	115	-	-	-	115
Total comprehensive income / (loss) for the year	31,752	-	(3,953)	(3,279)	24,520
Profit / (loss) allocated to NCI	13,518	-	(372)	(699)	12,447
Other comprehensive income allocated to NCI	50	-	-	-	50
<b>Total comprehensive income / (loss) allocated to NCI</b>	<b>13,568</b>	<b>-</b>	<b>(372)</b>	<b>(699)</b>	<b>12,497</b>

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**21. NON-CONTROLLING INTERESTS (NCI) (Continued)**

The following table summarizes the information relating to each of the Group’s subsidiaries that have NCI.

	Qassim Medical Services Company	Anora Trading Company	SPIMACO Misr for Pharmaceuticals Industries	SPIMACO Morocco for Pharmaceuticals Industries	Total
<u>31 December 2024</u>					
NCI percentage	42.73%	1%	9.41%	21.32%	
Non-current assets	83,465	-	4,717	178,962	267,144
Current assets	246,234	-	2,072	84,578	332,884
Non-current liabilities	(29,310)	-	(6,588)	(22,466)	(58,364)
Current liabilities	(39,319)	(7,087)	(527)	(46,124)	(93,057)
Net assets	261,070	(7,087)	(326)	194,950	448,607
Net assets attributable to NCI	111,555	(71)	(31)	41,564	153,017
Revenue	16,265	-	960	24,960	42,185
Profit / (loss)	20,397	-	(2,961)	(4,733)	12,703
Other comprehensive income	565	-	-	-	565
Total comprehensive income / (loss)	20,962	-	(2,961)	(4,733)	13,268
Profit / (loss) allocated to NCI	8,595	-	(279)	(1,009)	7,307
Other comprehensive income allocated to NCI	241	-	-	-	241
Total comprehensive income allocated to NCI	8,836	-	(279)	(1,009)	7,548

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**22. LOANS AND BORROWINGS**

	<b>31 December 2025</b>	31 December 2024
<b><u>Short-term loans and current portion of long-term loans</u></b>		
Islamic financing	<b>340,200</b>	1,024,353
Government loans	-	14,317
Short-term loans	<b>625,231</b>	-
	<b>965,431</b>	1,038,670
<b><u>Non-current</u></b>		
Islamic financing	<b>462,178</b>	446,416
Government loans	-	16,047
	<b>462,178</b>	462,463
<b><u>Total Loans</u></b>	<b>1,427,609</b>	1,501,133

Information about the Group's exposure to interest rate and liquidity risk is included in note 37.

The movement in loans and borrowings is as follows:

	<b>2025</b>	2024
As at 1 January	<b>1,501,133</b>	1,100,735
Obtained during the year	<b>1,612,191</b>	1,290,233
Repaid during the year	<b>(1,713,765)</b>	(889,835)
Accrued finance cost	<b>28,050</b>	-
<b>As at 31 December</b>	<b>1,427,609</b>	1,501,133

The short-term loan represents borrowing facilities in the form of Tawarruq from a local commercial bank to finance the working capital requirement's and bear financial charges at the market prevailing rate. These facilities are secured against corporate guarantees.

During 2025, the Group early repaid a long-term loan amounting to  $\text{SAR}$  280 million. Additionally, the significant movements during the year relate to the drawdown and repayment of a revolving loan facility obtained from local commercial banks to support working capital requirements.

During the year ended 31 December 2025, the finance cost paid amounting to  $\text{SAR}$  71.98 million (31 December 2024:  $\text{SAR}$  107.1 million).

The Group's loan and borrowing facilities are subject to certain financial covenants, including maintaining a profit cover, and gearing ratio in accordance with the terms of the respective agreements. As of 31 December 2025, the Group has fully complied with all covenant requirements, with no instances of non-compliance.

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**23. EMPLOYEES' END OF SERVICE BENEFIT OBLIGATIONS**

The movement in employee termination benefits, a defined benefit plan, during the year is as follows:

	<u>2025</u>	<u>2024</u>
As at 1 January	222,300	282,705
<b>Expense charged to profit or loss</b>		
Current service cost	27,589	37,939
Past service cost	-	(334)
Curtailement / settlement	-	(3,475)
Finance cost	9,115	9,067
	<u>36,704</u>	<u>43,197</u>
<b>Actuarial remeasurement charged to OCI</b>		
Actuarial (gain) / loss	(15,900)	4,042
Benefits paid	(56,019)	(107,644)
<b>As at 31 December</b>	<u>187,085</u>	<u>222,300</u>

**Significant actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	<u>31 December 2025</u>	<u>31 December 2024</u>
Discount rate	5.15% - 5.25%	3% - 5.5%
Future salary growth	3% - 4.5%	3% - 5.5%
Retirement age	60 years	60 years

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<u>31 December 2025</u>	<u>31 December 2024</u>
<b><u>INCREASE</u></b>		
Discount rate (1% movement)	178,390	202,695
Future salary growth (1% movement)	199,609	226,503
<b><u>DECREASE</u></b>		
Discount rate (1% movement)	198,702	225,514
Future salary growth (1% movement)	177,391	201,599

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Expense charge related to key management personnel is disclosed in note 36.

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**24. GOVERNMENT GRANT**

	<b>31 December 2025</b>	31 December 2024
Government grant - SIDF loan (note 24.1)	<b>20,175</b>	20,850
Government grant – land (note 24.2)	<b>12,933</b>	13,450
Government grant – plant	<b>6,585</b>	5,920
	<b>39,693</b>	40,220

**24.1** The Group has received a loan below market interest rate for constructing property, plant and equipment. The loan has been recorded at fair value with the corresponding effect to the government grant. The grant is related to the asset and will be amortised over the useful life of the asset.

**24.2** In 1992, the Governorate of Buraydah granted a plot of land with zero consideration to Qassim Medical Services Company (QMSC) to construct and operate the hospital. As per the grant deed, this land is conditional for the construction and operation of the hospital only. In the event of liquidation of QMSC or the closure of the hospital operations, the land will be transferred back to the Governorate of Buraydah without any compensation. The Company recorded the land at fair value at the date of grant, determined by an independent valuer amounting to ~~ﷲ~~ 31 million, with the corresponding effect in government grant, which is being amortized over the useful life of the underlying asset.

**25. REFUND LIABILITIES AND CONTRACT LIABILITIES**

**Refund liabilities**

	<b>2025</b>	2024
<b>Sales/services discounts:</b>		
As at 1 January	<b>144,558</b>	140,138
Discounts provision against sales/services	<b>204,245</b>	342,813
Actual discounts adjusted during the year	<b>(197,400)</b>	(338,393)
<b>As at 31 December</b>	<b>151,403</b>	144,558
<b>Sales returns:</b>		
As at 1 January	<b>25,272</b>	22,209
Charge for the year	<b>16,656</b>	23,713
Adjusted during the year	<b>(17,381)</b>	(21,863)
Liabilities classified as held for sale	-	1,213
Forex changes	<b>79</b>	-
<b>As at 31 December</b>	<b>24,626</b>	25,272
<b>Refund liabilities - Current</b>	<b>176,029</b>	169,830

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**25. REFUND LIABILITIES AND CONTRACT LIABILITIES (Continued)**

**Contract liabilities**

	<b>31 December</b>	31 December
	<b>2025</b>	2024
Contract liabilities - non current	<b>51,843</b>	44,594

This relates to an advance received from AstraZeneca UK Limited per the investment agreement dated June 2018, to reserve manufacturing capacity at the oncology facility in Qassim. During the year, the Group received ~~ﷲ~~ 12.5 million and ~~ﷲ~~ 5.2 million has been recognized as revenue from services.

**26. ZAKAT AND INCOME TAX PAYABLE**

**Basis for Zakat and income tax:**

The parent Company is subject to zakat and income tax. Zakat is payable at 2.5% of the greater of the approximate zakat base and adjusted profit. Income tax is payable at 20% of adjusted profit. The significant components of the zakat base under zakat and income tax regulation principally comprise shareholders' equity, provisions at the beginning of the year, long-term borrowings and adjusted net income, less a deduction for the net book value of long-term assets.

Income tax on foreign subsidiaries is calculated as per each respective country's tax laws.

The provision of zakat is calculated as per the zakat base prepared based on the consolidated financial statements of the Company and its subsidiaries directly or indirectly owned by the Group. The calculated zakat provision is then distributed between the Company and its subsidiaries. Any differences between the provision and the final assessment are recorded at the approval of the final assessment when the provision is closed.

**Zakat and income taxes charged to the statement of profit or loss:**

	<b>2025</b>	2024
Zakat charge	<b>4,228</b>	33,416
Income tax charge	<b>5,502</b>	73
	<b>9,730</b>	33,489

**The movement in the zakat and income tax payable:**

	<b>2025</b>	2024
As at 1 January	<b>62,435</b>	48,450
Charge for the year	<b>9,730</b>	33,489
Paid during the year	<b>(20,134)</b>	(19,566)
Effect of foreign currency translation	<b>57</b>	62
<b>As at 31 December</b>	<b>52,088</b>	62,435

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**26. ZAKAT AND INCOME TAX PAYABLE (Continued)**

**Status of certificates and assessments:**

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

During 2023, ZATCA issued the preliminary assessment for 2020, which resulted in additional liabilities. As of 31 December 2025, The Group has objected against the Zakat assessment of 2020 and the management undertakes to accrue the provision amounting to ~~ﷲ~~ 15.8 million. Subsequent to the year end, the Group settled the assessed amounts and finalized the 2020 status.

The Ministry of Finance issued new Zakat implementing regulations under Ministerial Resolution No. 1007 dated 19/8/1445H (corresponding to 29 February 2024) (the “New Zakat By-Laws”).

The Tax and Zakat declarations for the years 2021, 2022 and 2023 are currently under review by ZATCA. The approach to computing the Zakat liability has undergone changes with the implementation of the New Zakat By-Laws compared to the previous calculation basis for years prior to 2021, 2022 and 2023. Subsequent to the year end, ZATCA has issued final assessment based on the New Zakat By-Laws and the management has agreed to pay the revised liability of ~~ﷲ~~ 4.1 million for 2021 and ~~ﷲ~~ 8.5 million for 2023.

Further, the Group did not receive Zakat assessment for the year 2024 from ZATCA.

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

**27. TRADE PAYABLES AND OTHER LIABILITIES**

	<b>31 December 2025</b>	31 December 2024
Trade payables (note 27.1)	<b>373,729</b>	446,302
Accrued expenses	<b>59,406</b>	67,902
Employee payable	<b>54,435</b>	42,066
Provision for terminated employees' legal claims (note 39)	<b>3,297</b>	4,923
VAT payable	-	872
Others	<b>4,721</b>	5,934
	<b>495,588</b>	567,999

**27.1** It includes ~~ﷲ~~ 39.45 million payable to Tassili Arab Pharmaceutical Co. (TAPHCO), a related party.

**28. DIVIDENDS PAYABLE**

This represents dividends announced in prior year(s) and remains unclaimed as of 31 December 2025. During the year, the net impact is ~~ﷲ~~ 0.87 million (31 December 2024: ~~ﷲ~~ 2.78 million).

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**29. REVENUES**

	<b>2025</b>	2024
Product sales (net of rebates, discounts, allowances and returns)	<b>1,450,438</b>	1,482,850
Healthcare services	<b>155,600</b>	143,755
Distribution services	<b>29,025</b>	21,164
Contract Manufacturing / Agency Services	<b>71,648</b>	34,231
	<b>1,706,711</b>	1,682,000

Information about the Group's identified performance obligations and geographical revenue relating to contract with customers has been disclosed in note 38.

**30. SELLING AND MARKETING EXPENSES**

	<b>2025</b>	2024
Employees' salaries and benefits	<b>181,032</b>	211,227
Advertising and promotions	<b>39,665</b>	33,196
Distribution expenses	<b>38,869</b>	34,038
Depreciation and amortization	<b>7,385</b>	9,341
Travel and training	<b>7,046</b>	7,872
Subscriptions	<b>4,919</b>	7,387
Repair and maintenance	<b>4,303</b>	5,197
Utilities	<b>2,185</b>	6,261
Legal and professional fees	<b>1,929</b>	6,839
Communications	<b>537</b>	2,377
Entertainment expenses	<b>325</b>	45
Others	<b>1,209</b>	9,202
	<b>289,404</b>	332,982

**31. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2025</b>	2024
Employees' salaries and benefits	<b>121,843</b>	141,091
Legal and professional fees	<b>26,941</b>	22,928
Depreciation and amortization	<b>22,895</b>	23,187
Subscriptions	<b>22,619</b>	21,344
Travel and training	<b>10,686</b>	14,402
Repairs and maintenance	<b>7,604</b>	15,781
Board of Directors expenses	<b>6,206</b>	6,349
Utilities	<b>3,528</b>	8,298
Insurance	<b>1,364</b>	3,122
Communications	<b>860</b>	2,029
Stationery	<b>355</b>	886
Asset under construction written off	-	1,463
Non-commercial expenses	-	465
Others	<b>9,896</b>	10,072
	<b>234,797</b>	271,417

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**32. RESEARCH AND DEVELOPMENT EXPENSES**

	2025	2024
Employees' salaries and benefits	33,692	36,623
Laboratory expenses	8,100	5,429
Depreciation and amortization	7,299	8,583
Product registration	5,271	6,412
Asset under construction written off	2,675	15,901
Others	3,442	3,437
	60,479	76,385

**33. OTHER INCOME**

	2025	2024
Gain from disposal of property, plant and equipment	28,704	18,941
Foreign exchange gain / (loss)	3,461	(10,156)
Amortization of deferred income	1,192	678
Terminated employees' legal claims (charge) / reversal (note 33.1)	(1,639)	5,047
Other income	7,950	3,762
	39,668	18,272

**33.1** During 2023, certain claims have been filed by terminated employees and the Group is working with external legal counsels to assess the validity and potential liabilities associated with these claims. Based on the opinion of the Group's legal advisors, provisions have been made in the consolidated financial statements to account for the potential liabilities arising from these labor law claims. These provisions are subject to reassessment as new information becomes available or as the legal proceedings progress. Furthermore, some of these claims have been decided against the Group by the Labor Law Court, and the associated costs have been recorded in the profit or loss statement. These costs represent the actual financial impact of the resolved claims. The Group has taken steps to ensure that the consolidated financial statements accurately reflect the potential impact on its financial position, results of operations, and cash flows. Also, refer to contingent liabilities note 39.

**34. FINANCE COST**

	2025	2024
Murabaha loan	97,460	93,892
SIDF financing cost	367	892
Lease liabilities	314	1,056
	98,141	95,840

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**35. EARNINGS PER SHARE**

	2025	2024
Profit for the year attributable to the Shareholders of the Parent	<b>184,363</b>	24,535
Weighted average number of ordinary shares	<b>119,355,000</b>	119,531,354
<b>Profit per share attributable to the Shareholders of the Parent (ﷲ)</b>	<b>1.54</b>	0.21

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

	2025	2024
Issued ordinary shares at 1 January	<b>120,000,000</b>	120,000,000
Effect of treasury shares held	<b>(645,000)</b>	(468,646)
	<b>119,355,000</b>	119,531,354

There is no dilutive effect on the basic earnings per share of the Group.

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

**36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

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

**Main Transactions**

Related party	Relation with the Company	Nature of transactions	31 December 2025	31 December 2024
Arabian Medical Products Manufacturing Co. (ENAYAH)	Joint Venture	Dividends received	<b>10,200</b>	13,185
		Purchase of raw material	<b>(11,279)</b>	(10,316)
		Expenses paid on behalf	<b>18,925</b>	16,760
CAD Middle East Pharmaceutical Co.	Associate	Collection made on behalf of CAD	<b>(6,125)</b>	-
Arab Company for Drugs Industries and Medical Appliances (ACDIMA)	Shareholder	Contract for Bioequivalence and Pharmaceutical Studies	<b>(2,563)</b>	(725)
Tassili Arab Pharmaceutical Co. (TAPHCO)	Associate	Sales	-	2,380

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**36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)**

**Due from related parties**

<b>Related party</b>	<b>Nature of balance</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Non-current:</b>			
CAD Middle East Pharmaceutical Co.	Non- commercial	<b>42,444</b>	42,444
Tassili Arab Pharmaceutical Co. (TAPHCO)	Non- commercial	<b>32,583</b>	32,583
<b>Current:</b>			
Arabian Medical Products Manufacturing Co. (ENAYAH)	Non- commercial	<b>16,656</b>	8,887
CAD Middle East Pharmaceutical Co.	Non- commercial	<b>10,805</b>	9,514
Tassili Arab Pharmaceutical Co. (TAPHCO)	Commercial	<b>37,879</b>	37,879
		<b>140,367</b>	131,307
<b>Less: impairment provision</b>		<b>(115,268)</b>	(111,608)
		<b>25,099</b>	19,699

The movement of impairment provision during the years ended 31 December is as follows:

	<b>2025</b>	<b>2024</b>
As at 1 January	<b>111,608</b>	103,213
Charge during the year	<b>3,660</b>	8,395
<b>As at 31 December</b>	<b>115,268</b>	111,608

The non-commercial balance outstanding is as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Gross receivable	<b>102,488</b>	93,428
Less: impairment provision	<b>(77,389)</b>	(78,098)
	<b>25,099</b>	15,330

The commercial balance outstanding is as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Gross receivable	<b>37,879</b>	37,879
Less: impairment provision	<b>(37,879)</b>	(33,510)
	<b>-</b>	4,369

**Remuneration of key management personnel**

	<b>2025</b>	<b>2024</b>
Short term benefits	<b>12,337</b>	18,750
Shared based payment expense	<b>1,705</b>	1,175
Long term benefits	<b>958</b>	705
	<b>15,000</b>	20,630

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**37. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS**

**37.1 Financial instruments by category**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

<b>31 December 2025</b>	<b>Total</b>	<b>At amortised cost</b>	<b>At fair value through profit or loss</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	495	-	495	-	495	-
Trade receivables	1,176,435	1,176,435	-	-	-	-
Due from related parties	25,099	25,099	-	-	-	-
Short term investments	179,981	179,981	-	-	-	-
Cash and cash equivalents	203,906	203,906	-	-	-	-
<b>Total financial assets</b>	<b>1,585,916</b>	<b>1,585,421</b>	<b>495</b>	<b>-</b>	<b>495</b>	<b>-</b>
<b>Financial liabilities</b>						
Loans and borrowings	1,427,609	1,427,609	-	-	-	-
Lease liabilities	6,680	6,680	-	-	-	-
Trade payables	428,164	428,164	-	-	-	-
Dividend payable	168,976	168,976	-	-	-	-
<b>Total financial liabilities</b>	<b>2,031,429</b>	<b>2,031,429</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**37. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**37.1 Fair value measurements of financial instruments (Continued)**

<u>31 December 2024</u>	Total	At amortised cost	At fair value through profit or loss	Fair value		
				Level 1	Level 2	Level 3
<b>Financial assets</b>						
Due from related parties	15,330	15,330	-	-	-	-
Trade receivables	1,174,997	1,174,997	-	-	-	-
Investments at fair value through profit or loss (FVTPL)	480		480	-	480	-
Short term investments	155,000	155,000	-	-	-	-
Cash and cash equivalents	122,143	122,143	-	-	-	-
<b>Total financial assets</b>	<b>1,467,950</b>	<b>1,467,470</b>	<b>480</b>	<b>-</b>	<b>480</b>	<b>-</b>
<b>Financial liabilities</b>						
Loans and borrowings	1,501,133	1,501,133	-	-	-	-
Lease liabilities	11,410	11,410	-	-	-	-
Trade payables and other liabilities	488,368	488,368	-	-	-	-
Dividends payable	168,108	168,108	-	-	-	-
<b>Total financial liabilities</b>	<b>2,169,019</b>	<b>2,169,019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**37. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**37.2 Risk Management of Financial Instruments**

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Other market price risk
- Foreign current risk
- Capital management risk
- Liquidity risk, and
- Interest rate risk

In common with all other businesses, the Group is exposed to the risks that arise from its use of financial instruments. This note describes the Group's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information with respect to these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

**Principal financial instruments**

The principal financial instruments used by the Group, from which financial risk arises, are as follows:

- Trade receivables
- Short term investments
- Cash and cash equivalents
- Due from related parties
- Investments at fair value through profit or loss (FVTPL)
- Trade payables and other liabilities
- Loans and borrowings
- Dividend payable, and
- Lease liabilities

**General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal auditors also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

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**37. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**37.2 Risk Management of Financial Instruments (Continued)**

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references.

The Management Committee determines concentrations of credit risk by monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics.

Credit risk also arises from cash and cash equivalents and short-term deposits with banks and financial institutions. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

	<b>31 December 2025</b>	31 December 2024
Trade receivables - third parties (note 14)	<b>1,176,435</b>	1,170,628
Short term investments	<b>179,981</b>	155,000
Cash at banks (note 18)	<b>157,528</b>	120,974
Due from related parties (note 14 and note 36)	<b>25,099</b>	19,699
Investments at fair value through profit or loss (FVTPL)	<b>495</b>	480
	<b>1,539,538</b>	1,466,781

The carrying amount of financial assets represents the maximum credit exposure.

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit ratings.
- Trade receivables are shown net of allowance for impairment of trade receivables.

The Group manages credit risk with respect to receivables from customers by monitoring in accordance with defined policies and procedures. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis.

Refer to note 14 for trade receivables ageing and movement in the allowance for impairment in respect of trade receivables.

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**37. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**37.2 Risk Management of Financial Instruments (Continued)**

**Credit risk (Continued)**

The Risk Management Committee monitors the credit ratings of counterparties regularly and at the reporting date does not expect any losses from non-performance by the counterparties. For all financial assets to which the impairment requirements have not been applied, the carrying amount represents the maximum exposure to credit loss.

**Market risk**

Market risk arises from the Group's use of interest-bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commission rates (commission rate risk), foreign exchange rates (foreign currency risk) or other market factors (other price risks). The details related to these risks are more fully described below:

**Commission rate risk**

Fair value and cash flow interest rate risks are the exposures to the various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. The Group is not exposed to fair value and cash flow commission rate risks as investments in long-term Murabaha finance have a fixed income rate or a fixed finance rate.

Management of the Group does not enter into future agreements to hedge its interest rate risk. However, these are monitored on a regular basis and corrective measures are initiated wherever required.

**Foreign Currency risk**

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency) with the cash generated from their operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group is predominantly exposed to currency risk on purchases and sales made from major suppliers and customers based in counties other than the Kingdom of Saudi Arabia and denominated in Egyptian pounds, Euros, Algerian Dinars, Moroccan Dinars and US dollars. Management of the Group does not enter into future agreements to hedge its currency risk. However, these are monitored regularly and corrective measures are initiated wherever required.

Apart from these particular cash-flows, the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred. The directors believe that the exposure to foreign exchange risk from this activity is acceptable in the Group's circumstances.

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**37. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**37.2 Risk Management of Financial Instruments (Continued)**

**Price risk**

The risk is that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to price risk with respect to strategic equity investments in other companies where those complement the Group's operations. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

**Capital management risk**

The objective of the Group when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios is as follows:

	<b>31 December 2025</b>	31 December 2024
Loans and borrowings	<b>1,427,609</b>	1,501,133
Less: cash and cash equivalent	<b>(203,906)</b>	(122,143)
Less: Short term investments	<b>(179,981)</b>	(155,000)
Net debt	<b>1,043,722</b>	1,223,990
Total equity	<b>1,762,160</b>	1,531,319
	<b>2,805,882</b>	2,755,309
Gearing ratio	<b>37%</b>	44%

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**37. FAIR VALUES AND RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (Continued)**

**37.2 Risk Management of Financial Instruments (Continued)**

**Liquidity risk**

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet the monitoring of liquidity ratios and maintaining debt financing plans.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

<u>31 December 2025</u>	Up to one year	More than one year and up to five years	More than five years	Total
<b>Financial liabilities</b>				
Loans and borrowings	965,431	462,178	-	1,427,609
Lease liabilities	1,999	4,621	593	7,213
Trade payables and other liabilities	428,139	-	-	428,139
Dividends payable	168,976	-	-	168,976
	<u>1,564,545</u>	<u>466,799</u>	<u>593</u>	<u>2,031,937</u>
 <u>31 December 2024</u>				
Financial liabilities				
Loans and borrowings	1,038,670	462,463	-	1,501,133
Lease liabilities	3,550	9,057	1,237	13,844
Trade payables and other liabilities	488,368	-	-	488,368
Dividends payable	168,108	-	-	168,108
	<u>1,698,696</u>	<u>471,520</u>	<u>1,237</u>	<u>2,171,453</u>

**Interest rate risk**

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. Variable rate financial liabilities as at the reporting date amounted to ~~ﷲ~~ 1,427 million (31 December 2024: ~~ﷲ~~ 1,501 million).

**38. 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.

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**38. SEGMENT INFORMATION** (Continued)

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

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

The following table represents the segregation of revenue by type:

<u>Type of revenue</u>	<u>2025</u>	<u>2024</u>
Revenue from sale of products	1,450,438	1,482,850
Revenue from services	256,273	199,150
	<u>1,706,711</u>	<u>1,682,000</u>

In the following table, revenue is disaggregated by the primary geographical market. The table also includes a reconciliation of the disaggregated revenue with the Group's three strategic divisions, which are its reportable segments.

	<u>Pharmaceutical</u>	<u>Trading &amp; Distribution</u>	<u>Healthcare</u>	<u>Total</u>
<u>31 December 2025</u>	<u>Manufacturing</u>	<u>Services</u>	<u>Services</u>	<u>Total</u>
Kingdom of Saudi Arabia	1,323,845	81,096	178,773	1,583,714
Middle East	75,006	-	-	75,006
Egypt	15,523	-	-	15,523
Morocco	29,907	-	-	29,907
Algeria	-	2,561	-	2,561
	<u>1,444,281</u>	<u>83,657</u>	<u>178,773</u>	<u>1,706,711</u>
<b>Timing of revenue recognition</b>				
PO satisfied at a point in time	1,380,997	83,657	23,560	1,488,214
PO satisfied over time	63,284	-	155,213	218,497
	<u>1,444,281</u>	<u>83,657</u>	<u>178,773</u>	<u>1,706,711</u>

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**38. SEGMENT INFORMATION (Continued)**

<u>31 December 2024</u>	<u>Pharmaceutical</u> <u>Manufacturing</u>	<u>Trading &amp;</u> <u>Distribution Services</u>	<u>Healthcare</u> <u>Services</u>	<u>Total</u>
Kingdom of Saudi Arabia	1,211,910	112,777	162,658	1,487,345
Middle East	156,916	-	-	156,916
Egypt	960	2,314	-	3,274
Morocco	24,960	-	-	24,960
Algeria	2,380	7,125	-	9,505
	<u>1,397,126</u>	<u>122,216</u>	<u>162,658</u>	<u>1,682,000</u>
Timing of revenue recognition				
PO satisfied at a point in time	1,380,618	122,216	52,953	1,555,787
PO satisfied over time	16,508	-	109,705	126,213
	<u>1,397,126</u>	<u>122,216</u>	<u>162,658</u>	<u>1,682,000</u>

Selected financial information categorized by these business segments as follows:

<u>31 December 2025</u>	<u>Pharmaceutical</u> <u>Manufacturing</u>	<u>Trading &amp;</u> <u>Distribution Services</u>	<u>Healthcare</u> <u>Services</u>	<u>Total</u>
Revenues	1,444,281	83,657	178,773	1,706,711
Depreciation and amortization	(86,259)	(2,643)	(8,217)	(97,119)
Finance (cost) / income, net	(80,175)	(14,358)	9,589	(84,944)
Impairment of trade and other receivables	(15,503)	(5,669)	(128)	(21,300)
Zakat / income tax expense	(1,622)	(2,592)	(5,516)	(9,730)
Share of results of equity-accounted investees	24,352	-	-	24,352
Profit / (loss) for the year	228,413	(63,042)	31,439	196,810
Profit / (loss) attributable to shareholders of the Parent	229,345	(63,042)	18,060	184,363
Total Assets	3,494,467	457,242	416,042	4,367,751
Total Liabilities	2,059,306	456,923	89,362	2,605,591
<u>31 December 2024</u>				
Revenues	1,397,126	122,216	162,658	1,682,000
Depreciation and amortization	(71,717)	(3,833)	(9,157)	(84,707)
Finance (cost) / income	(84,474)	(11,295)	7,581	(88,188)
Impairment of trade and other receivables	(16,862)	(19,687)	(510)	(37,059)
Zakat / income tax expense	(31,217)	(2,841)	(6,109)	(40,167)
Share of results of equity-accounted investees	22,733	-	-	22,733
Profit / (loss) for the year	106,940	(95,497)	20,397	31,840
Profit / (loss) attributable to shareholders of the Parent	108,290	(95,497)	11,741	24,534
Total Assets	3,498,217	457,473	363,658	4,319,348
Total Liabilities	2,265,246	454,358	68,425	2,788,029

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### 39. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

#### Legal Contingencies

##### Terminated Employees' Legal Cases

As mentioned in note 33.1, 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. Due to the inherent uncertainty of litigation, the financial impact on the Group cannot be reliably estimated at this stage. It is important to note that the ultimate resolution of these legal cases, including potential settlements, judgments, or dismissals, may have a material impact on the Group's financial position, results of operations, and cash flows in future reporting periods. The Group will provide updates as significant developments occur or when more information becomes available. While the Group is still vigorously defending these claims amounting to ~~ﷲ~~ 4.97 million, it has recognised a related provision of ~~ﷲ~~ 3.3 million as of 31 December 2025.

##### Other Legal Contingencies

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

#### **Contingent liabilities**

As at 31 December 2025, the Group has letters of guarantee amounting to ~~ﷲ~~ 62.32 million (31 December 2024: ~~ﷲ~~ 71.92 million).

In addition, the Group has contingent liability against letter of credit amounting to ~~ﷲ~~ 3.72 million issued in the normal course of business (31 December 2024: ~~ﷲ~~ 4.46 million).

#### **Capital commitments**

As at 31 December 2025, the Group has capital commitments for purchase of property, plant and equipment and intangible assets amounting to ~~ﷲ~~ 122.34 million (31 December 2024: ~~ﷲ~~ 65.66 million).

### 40. COMPARATIVE FIGURES

Certain amounts of the prior year have been reclassified to conform with the presentation of the current year.

### 41. SUBSEQUENT EVENTS

The Group incorporated a new subsidiary, SPIMACO Bio on 1 January 2026 with 100% ownership as part of its strategic plans to expand into high value-added pharmaceutical sectors, including biological, gene, and cell therapies. The new subsidiary will commence its operations after completing all required regulatory requirements and obtaining the necessary approvals from the authorities.

Subsequent to the year end, the Board of Directors in their meeting held on 11 Shawwal 1447H corresponding to 30 March 2026) recommends to the General assembly to distribute cash dividends of ~~ﷲ~~ 0.35 per share amounting to ~~ﷲ~~ 42 million.

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**41. SUBSEQUENT EVENTS** (Continued)

Subsequent to the year end, the Board of Directors in their meeting held on 11 Shawwal 1447H corresponding to 30 March 2026) recommends to the General assembly to transfer statutory reserve to retained earnings.

Subsequent to the year end, geopolitical tensions in part of the Middle East have increased. These developments arose after the reporting period and therefore has been assessed as non-adjusting event in accordance with IAS 10 *'Events after the Reporting Period'*.

Management has assessed the potential implications of ongoing geopolitical tensions on the Group's operations and financial position. Based on this assessment, no material impact has been identified to date.

The Group has taken proactive measures to mitigate potential risks, including maintaining sufficient inventory levels to support operational continuity. In addition, the Group continues to have reliable access to key logistics routes ensuring the uninterrupted flow of goods and supplies.

Management will continue to closely monitor developments and implement appropriate measures, if necessary, to safeguard the Group's operations and financial stability.

**42. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements have been approved by the Board of Directors on (11 Shawwal 1447H corresponding to 30 March 2026).