

**NAHDI MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**INDEPENDENT AUDITOR'S REVIEW REPORT AND UNAUDITED
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

**NAHDI MEDICAL COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024**

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON
THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF NAHDI MEDICAL COMPANY (A SAUDI JOINT STOCK COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Nahdi Medical Company (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statements of profit or loss and Comprehensive Income, changes in shareholders' equity and cash flows for the three-month period then ended, and other explanatory notes. The Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

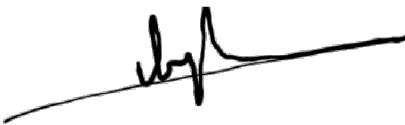
Scope of review

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

Conclusion

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

for Ernst & Young Professional Services



Abdullah Ali AlMakrami
Certified Public Accountant
License No. 476

Jeddah: 28 Shawwal 1445H
(07 May 2024G)



Nahdi Medical Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2024

(Expressed in Saudi Riyals unless otherwise stated)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	1,070,926,082	1,040,465,089
Investment properties	5	254,304,184	254,304,184
Intangible assets		55,091,913	51,170,546
Right-of-use assets	6	1,307,381,801	1,266,643,835
TOTAL NON-CURRENT ASSETS		2,687,703,980	2,612,583,654
CURRENT ASSETS			
Inventories	7	1,760,942,803	1,409,409,250
Trade receivables	8	216,509,206	172,847,737
Prepayments and other current assets		240,457,743	266,824,402
Cash and cash equivalents	9	769,939,655	909,662,249
TOTAL CURRENT ASSETS		2,987,849,407	2,758,743,638
TOTAL ASSETS		5,675,553,387	5,371,327,292
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	10	1,300,000,000	1,300,000,000
Statutory reserve		369,207,440	369,207,440
Retained earnings		647,851,929	794,391,230
Foreign currency translation reserve		(65,621)	(842,691)
TOTAL SHAREHOLDERS' EQUITY		2,316,993,748	2,462,755,979
NON-CURRENT LIABILITIES			
Lease liabilities	6	832,713,483	870,566,386
Accruals and other non-current liabilities		5,896,239	14,793,148
Employee benefit liabilities	11	381,768,941	392,117,269
TOTAL NON-CURRENT LIABILITIES		1,220,378,663	1,277,476,803
CURRENT LIABILITIES			
Trade payables		1,399,778,595	894,307,578
Lease liabilities – current portion	6	365,982,662	304,189,343
Accruals and other current liabilities		250,498,466	320,065,623
Zakat provision	12	121,921,253	112,531,966
TOTAL CURRENT LIABILITIES		2,138,180,976	1,631,094,510
TOTAL LIABILITIES		3,358,559,639	2,908,571,313
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		5,675,553,387	5,371,327,292

APPROVED BY:

Abdullah Al Nahdi

DEPUTY CHAIRMAN

APPROVED BY:

Yasser Joharji

CEO

APPROVED BY:

Mohammed Al-Khubani

CFO

The attached notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Nahdi Medical Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended 31 March 2024
(Expressed in Saudi Riyals unless otherwise stated)

	Note	Three-month period ended 31 March	
		2024	2023
Revenue		2,257,497,442	2,105,036,256
Cost of revenue		(1,396,663,586)	(1,215,833,086)
GROSS PROFIT		860,833,856	889,203,170
Other operating income		8,438,370	3,043,075
Selling and distribution expenses		(557,048,673)	(548,631,397)
General and administrative expenses		(80,584,027)	(80,368,708)
OPERATING PROFIT FOR THE PERIOD		231,639,526	263,246,140
Finance costs		(24,611,294)	(17,269,702)
Finance income		18,928,545	15,356,258
Reversal of impairment on investment properties		-	997,000
Other income		16,382,010	12,616
PROFIT FOR THE PERIOD BEFORE ZAKAT		242,338,787	262,342,312
Zakat charge	12	(9,389,287)	(17,999,509)
NET PROFIT FOR THE PERIOD		232,949,500	244,342,803
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>			
Re-measurement gain/ (loss) on defined benefit plans	11	10,511,199	(11,049,099)
<i>Items that may be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations		777,070	395,945
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		244,237,769	233,689,649
EARNINGS PER SHARE			
Basic and diluted, earnings per share attributable to ordinary equity holders of the Parent Company	13	1.79	1.88

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Nahdi Medical Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the three-month period ended 31 March 2024
(Expressed in Saudi Riyals unless otherwise stated)

	Share Capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total
Balance as at 1 January 2023 (audited)	1,300,000,000	279,945,626	663,833,421	(394,870)	2,243,384,177
Net profit for the period	-	-	244,342,803	-	244,342,803
Other comprehensive loss for the period	-	-	(11,049,099)	395,945	(10,653,154)
Total comprehensive income/(loss) for the period	-	-	233,293,704	395,945	233,689,649
Dividends	-	-	(390,000,000)	-	(390,000,000)
Balance as at 31 March 2023 (unaudited)	1,300,000,000	279,945,626	507,127,125	1,075	2,087,073,826
Balance as at 1 January 2024 (audited)	1,300,000,000	369,207,440	794,391,230	(842,691)	2,462,755,979
Net profit for the period	-	-	232,949,500	-	232,949,500
Other comprehensive gain for the period	-	-	10,511,199	777,070	11,288,269
Total comprehensive income for the period	-	-	243,460,699	777,070	244,237,769
Dividends (note 10b)	-	-	(390,000,000)	-	(390,000,000)
Balance as at 31 March 2024 (unaudited)	1,300,000,000	369,207,440	647,851,929	(65,621)	2,316,993,748

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The attached notes from 1 to 21 form an integral part of these interim condensed consolidated financial statements.

Nahdi Medical Company (A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the three-month period ended 31 March 2024

(Expressed in Saudi Riyals unless otherwise stated)

		<i>Three-month period ended 31 March</i>	
	<i>Note</i>	<i>2024</i>	<i>2023</i>
OPERATING ACTIVITIES			
Profit for the period before zakat		242,338,787	262,342,312
<i>Adjustment to reconcile profit for the period before zakat to net cash flows from operating activities:</i>			
Depreciation of property and equipment	4	59,157,669	51,989,115
Depreciation of right-of-use assets	6	96,634,985	98,814,940
Amortisation of intangible assets		6,183,721	6,524,407
(gain)/Loss on disposal of property and equipment and intangible asset		(179,003)	1,917,119
Reversal for trade receivable allowance	8	(157,343)	(492,564)
Loss/(Gain) on termination of right-of-use assets		38,637	(573,330)
Provision for slow moving and obsolete inventories, net	7	558,100	1,817,569
Impairment reversal of investment properties		-	(997,000)
Provision for employee benefits	11	4,686,240	17,641,560
Finance Income		(18,928,545)	(15,356,258)
Finance costs		24,611,294	17,269,702
		<u>414,944,542</u>	<u>440,897,572</u>
<i>Working capital adjustments:</i>			
Inventories		(352,091,653)	(203,901,392)
Trade receivables		(43,504,126)	(13,869,000)
Prepayments and other current assets		30,152,319	(22,128,323)
Trade and other payables		505,471,017	483,040,666
Accruals and other current liabilities		(78,551,980)	(65,078,686)
Cash from operations		<u>476,420,119</u>	<u>618,960,837</u>
Finance income, received		15,142,885	15,356,258
Finance costs paid		(24,611,294)	(17,269,702)
Zakat paid	12	-	(2,984)
Employee benefits paid	11	(4,523,369)	(4,327,805)
Net cash flows from operating activities		<u>462,428,341</u>	<u>612,716,604</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	4	(90,714,884)	(68,207,582)
Proceeds from disposal of property and equipment		254,015	-
Purchase of intangible assets		(10,105,088)	(7,136,758)
Net cash flows used in investing activities		<u>(100,565,957)</u>	<u>(75,344,340)</u>
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	6	(113,471,172)	(99,586,025)
Dividends paid	10b	(388,890,876)	-
Cash flows used in financing activities		<u>(502,362,048)</u>	<u>(99,586,025)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(140,499,664)</u>	<u>437,786,239</u>
Net foreign exchange difference		777,070	395,945
Cash and cash equivalents at the beginning of the period		909,662,249	1,076,311,959
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9	<u><u>769,939,655</u></u>	<u><u>1,514,494,143</u></u>
SUPPLEMENTARY NON-CASH INFORMATION			
Addition to right-of-use assets and lease liabilities	6	146,433,420	122,488,959
Dividends Payable		<u>1,109,124</u>	<u>-</u>

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Nahdi Medical Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

At 31 March 2024

(Expressed in Saudi Riyals unless otherwise stated)

1. CORPORATE INFORMATION

Nahdi Medical Company (the “Parent Company” or the “Company”) is a Saudi Joint Stock Company formed under Companies Law in the Kingdom of Saudi Arabia under Commercial Registration No. 4030053868 dated 1 October 2003 (corresponding to 5 Sha’ban 1424H). The Group is operating in accordance with the Ministry of Health License No. 26-101-31-67-3 dated 28 December 2003 (corresponding to 22 Dhul-Hijjah 1424H).

The principal activity of the Group is the wholesale and retail trading of cosmetics, pharmaceutical products, special and healthy foods and medical equipment.

The Group operates mainly in the Kingdom of Saudi Arabia (“KSA”) and the United Arab Emirates (“UAE”) and its Head Office is located at the following address:

Nahdi Medical Company,
PO. Box 17129,
King Abdulaziz Road, Murjan District, Jeddah 23715
Kingdom of Saudi Arabia.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim condensed consolidated financial statements for the three-month period ended 31 March 2024 have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) as endorsed in the Kingdom of Saudi Arabia (“KSA”). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast significant doubt over this assumption. The management have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

2.2 Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost basis. The Group has prepared the condensed consolidated financial statements on the basis that it will continue to operate as a going concern.

2.3 Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (“SR”) which is also the functional currency of the Group.

Nahdi Medical Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

At 31 March 2024

(Expressed in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.4 Basis of consolidation

These interim condensed consolidated financial statements include the financial information of the Parent Company and the following direct and indirect subsidiaries (collectively referred to “the Group”), in which the Group exercises control as at 31 March 2024.

<i>Subsidiary name</i>	<i>Country of incorporation</i>	<i>Principal business activity</i>	<i>Effective ownership interest</i>	
			<i>31 March 2024</i>	<i>31 December 2023</i>
Al Nahdi Care	KSA	Clinics	100%	100%
Sakhaa Golden Company*	KSA	Labor Services	100%	100%
Nahdi Investment Company**	UAE	Holding Company	100%	100%

* As at 31 March 2024, Al Sakhaa Golden Trading and Contracting Company has an investment in the following subsidiary:

<i>Subsidiary name</i>	<i>Country of incorporation</i>	<i>Principal business activity</i>	<i>Effective ownership interest</i>	
			<i>31 March 2024</i>	<i>31 December 2023</i>
Al Sakhaa integrated solutions	Egypt	IT consulting	99%	99%

The remaining 1% is held by Nahdi Investment Company, who holds the share for the beneficial interest of the company.

**As at 31 March 2024, Nahdi Investment Company also has investments in the following subsidiaries:

<i>Subsidiary name</i>	<i>Country of incorporation</i>	<i>Principal business activity</i>	<i>Effective ownership interest</i>	
			<i>31 March 2024</i>	<i>31 December 2023</i>
Nahdi Drug Store	UAE	Drug store	99%	99%
Al Nahdi Pharmacy	UAE	Pharmacy	99%	99%

The remaining 1% is held by Mr. Saleh Mohamed Amer Salmeen Al Hajeri of Al Nahdi Investment Co. who holds the share for the beneficial interest of the company.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Group, using consistent accounting policies of the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Unrealized losses (if any) are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2. BASIS OF PREPARATION (continued)

2.4 Basis of consolidation (continued)

Transactions eliminated on consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group 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 control over an investee, including:

- The 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 Group 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 Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date the Group ceases to control the subsidiary.

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

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its transactions with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group 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 control over an investee, including:

- The 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 Group 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 Group obtains control over the subsidiary and ceases when the Group 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 Group gains control until the date the Group ceases to control the subsidiary.

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The significant judgments made by management in applying the Group's accounting policies and the methods of computation and the key sources of estimation are the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

3.1 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

3.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

- Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendment of IAS 21. The amendment specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed.

The amendment is not expected to have a material impact on the Group's interim condensed consolidated financial statements.

Nahdi Medical Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

At 31 March 2024

(Expressed in Saudi Riyals unless otherwise stated)

3.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE, (continued)

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted but will need to be disclosed.

4. PROPERTY AND EQUIPMENT

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cost:		
At the beginning of the period/year	2,173,400,820	1,863,236,754
Additions during the period/year	90,714,884	353,861,780
Disposals during the period/year	(1,144,435)	(8,990,627)
Write-offs during the period/year	(5,057,387)	(34,707,087)
At the end of the period/year	2,257,913,882	2,173,400,820
Depreciation:		
At the beginning of the period/year	1,132,935,731	949,603,721
Depreciation charge for the period/year	59,157,669	219,855,774
Disposals during the period/year	(1,069,423)	(8,953,135)
Write-offs during the period/year	(4,036,177)	(27,570,629)
At the end of the period/year	1,186,987,800	1,132,935,731
<u>Net book value:</u>		
At the end of the period/year	1,070,926,082	1,040,465,089

Nahdi Medical Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

At 31 March 2024

(Expressed in Saudi Riyals unless otherwise stated)

5. INVESTMENT PROPERTIES

	<i>31 March 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
Cost:		
At the beginning of the period/year	262,963,234	262,963,234
At the end of the period/year	262,963,234	262,963,234
Accumulated Impairment loss:		
At beginning of the period/year	8,659,050	9,157,050
Reversal of impairment loss for the period/ year	-	(498,000)
At the end of the period/year	8,659,050	8,659,050
<u>Net book value:</u>		
At the end of the period/year	254,304,184	254,304,184

The Group's investment properties mainly represent the parcels of land in KSA which are currently held for undetermined future use. The fair value of the Group's investment properties as at 31 March 2024 was valued at SR 312.7 million (31 December 2023: SR 312.7 million).

The fair value of the Group's investment properties, as at 31 March 2024 was determined on the basis of the valuation exercise carried out by an independent external real estate evaluator Abdullah Al Kathiri Real Estate Evaluation Office (2023: Abdullah Al Kathiri Real Estate Evaluation Office) accredited by the Saudi Authority for Accredited Valuers ("TAQEEM") and they have appropriate qualifications and relevant experience in the fair value measurement of properties in the relevant locations.

The fair value of the lands has been determined based on income method, a valuation model in accordance with that recommended by the Saudi Authority for Accredited Valuers was applied.

Based on the difference between the carrying value and the fair value of the land as at 31 March 2024, there were no impairment loss or reversal of impairment recorded in the Group's interim condensed consolidated financial statements for the period ended 31 March 2024 (31 December 2023: SR 498,000).

This valuation model is in accordance with those recommended by the International Valuation Standards Committee and is consistent with the principles in IFRS 13.

Nahdi Medical Company (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED) (continued)

At 31 March 2024

(Expressed in Saudi Riyals unless otherwise stated)

5. INVESTMENT PROPERTIES (continued)

Such values are based on significant unobservable inputs and the fair value measurement was classified as level 3. These significant unobservable inputs for properties with undetermined use include:

Significant inputs and assumptions	Basis of determination	Range (weight average)	Sensitivity of the input of fair value
Discount rate	Reflecting the inherent risk associated with the development of a real estate asset. Given the uncertainty of future (revenue and cost) projections, a discount rate is adopted to reflect the risk in achieving assumed projections.	31 March 2024 and 31 December 2023: 7% - 9.5%	1% increase (decrease) would result and increase (decrease) in fair value by SR 2.3 million.
Land sales rate (undeveloped) (SR per square meter)	Reflecting the price of comparable industrial land plots	31 March 2024 and 31 December 2023: 1,000 – 1,031	5% increase (decrease) would result and increase (decrease) in fair value by SR 15 million.
Developer profit	Reflecting the expected developer profit of similar developments for industrial and residential plots.	31 March 2024 and 31 December 2023: 10% – 25%	5% increase (decrease) would result and increase (decrease) in fair value by SR 3 million.
Rental rate (SR per square meter)	Reflecting the market rent assumed for retail and offices rental	31 March 2024 and 31 December 2023: 1,250 – 700	5% increase (decrease) would result and increase (decrease) in fair value by SR 7 million.
Capitalization rate	Reflecting the assumed return metric that is used to determine the potential return on the property.	31 March 2024 and 31 December 2023: 8%	0.5% increase (decrease) would result and increase (decrease) in fair value by SR 10 million.

There have been no major changes to the valuation technique during the period.

All investment properties of the Group are currently held for undetermined future use.

The Group has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repair, maintenance, and enhancement.

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period/year:

	31 March 2024		31 December 2023	
	<i>Right-of-use assets (unaudited)</i>	<i>Lease liabilities (unaudited)</i>	<i>Right-of-use assets (Audited)</i>	<i>Lease liabilities (Audited)</i>
At the beginning of the period/year	1,266,643,835	1,174,755,729	1,166,761,794	1,168,104,851
Addition during the period/year	146,433,420	146,433,420	611,068,520	611,068,520
Transfer from Intangible assets during the period/year	-	-	3,407,223	-
Modifications during the period/year	(2,266,950)	(2,266,950)	(88,252,939)	(88,252,939)
Termination during the period/year	(6,793,519)	(6,754,882)	(51,248,144)	(80,491,122)
Depreciation during the period/year	(96,634,985)	-	(375,092,619)	-
Accretion of interest during the period/year	-	15,375,439	-	50,463,395
Payments during the period/year	-	(128,846,611)	-	(486,136,976)
At the end of the period/year	1,307,381,801	1,198,696,145	1,266,643,835	1,174,755,729

The following are the lease liabilities as classified in the interim condensed consolidated statement of financial position:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Current	365,982,662	304,189,343
Non-current	832,713,483	870,566,386
	1,198,696,145	1,174,755,729

The additions, terminations and modifications during the period/ year happened in normal course of business.

7. INVENTORIES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Inventories	1,859,232,412	1,507,140,759
Less: Allowance for slow moving and obsolete inventories	(98,289,609)	(97,731,509)
	1,760,942,803	1,409,409,250

Movement in the provision for slow moving and obsolete inventories was as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period/year	97,731,509	142,221,090
Charge/(reversal) for the period/year, net (note a)	558,100	(11,953,496)
Written off during the period/year	-	(32,536,085)
At the end of the period/year	98,289,609	97,731,509

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8. TRADE RECEIVABLES

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	220,276,201	176,772,076
Less: Allowance for expected credit losses (see note below)	(3,766,996)	(3,924,339)
	216,509,206	172,847,737

Movement in the allowance for expected credit losses of receivables is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period/year	3,924,339	8,414,793
Reversal for the year	(145,415)	(4,490,454)
Written off during the period/year	(11,928)	-
	3,766,996	3,924,339

Trade receivables are non-interest bearing and are generally settled on terms of 60 days.

9. CASH AND CASH EQUIVALENTS

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Cash at banks	114,451,423	70,735,306
Cash on hand	99,588,232	77,969,943
Murabaha & term deposits (see note below)	555,900,000	760,957,000
	769,939,655	909,662,249

At 31 March 2024, the Group had short-term bank deposits with original maturities of less than three months. During the period ended 31 March 2024, the Group earned SR 17 million (31 March 2023: SR 15 million) on the murabaha and term-deposits at rate of return ranging between 5.65% to 6.21%.

10. SHAREHOLDERS' EQUITY

(a) Capital

The Group's capital is divided into 130,000,000 shares (31 December 2022: 130,000,000 shares) with a nominal value of SR 10 each (31 December 2022: SR 10 each)

(b) Dividends

- On 19 March 2023G (corresponding to 27 Sha'ban 1444H), the Board of Directors announced the distribution of SR 390,000,000 as cash dividends (SR 3 per share) for the second half of the fiscal year 2022, which represents 30% of the nominal value of the shares which was settled in full during the period.

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(UNAUDITED) (continued)

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10. SHAREHOLDERS' EQUITY, (continued)

(b) Dividends, (continued)

	<i>31 March 2024 SR</i>	<i>31 December 2023 SR</i>
Interim cash dividends for the second half of the year 2023: SR 3.00 per share (2022: SR 3 per share)	390,000,000	390,000,000
Interim cash dividends for the first half of the year 2023: SR 2.50 per share	-	325,000,000
	390,000,000	715,000,000

11. EMPLOYEE BENEFIT LIABILITIES

The Group operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor Law. The following table represents the movement of the defined benefits obligation:

	<i>31 March 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
Defined benefits obligation at beginning of the period/year	392,117,269	380,861,250
Current service cost	13,728,304	55,423,817
Past service cost	(13,518,325)	-
Interest cost on defined benefits obligation	4,476,261	15,936,509
Actuarial gain on the obligation included in retained earnings	(10,511,199)	(42,201,483)
Transferred out	-	(19,972)
Payments made during the period/year	(4,523,369)	(17,882,852)
Defined benefits obligation at the end of the period/year	381,768,941	392,117,269

During the period, the Group made a plan amendment where they changed salary structure eligible for the calculation of the end of service benefits, and this kind of plan amendment has been accounted for as a past service cost.

11.1 Actuarial assumptions

	<i>31 March 2024 (Unaudited)</i>	<i>31 December 2023 (Audited)</i>
Discount rate	4.70%	4.70%
Future salary growth/expected rate of salary increase	4.30%	4.30%
Mortality rate	0.25%	0.25%
Retirement age	60 years	60 years

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At 31 March 2024

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12. ZAKAT

The movement in the zakat provision during the period/year is as follows:

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period/year	112,531,966	106,547,901
Provision for the current period/year	9,389,287	51,628,015
Payment during the period/year	-	(45,643,950)
At the end of the period/year	121,921,253	112,531,966

During the year ended 31 December 2023, the Group companies that are operated in KSA, (the Parent Company, Nahdi Care Company, and Al Sakhaa Golden Trading and Contracting Company) have been requested and obtained an approval from ZATCA to submit their Zakat based on a unified return. Starting from the year ended 31 December 2023 and onward Zakat submission will be based on the unified return.

Status of assessments

Nahdi Medical Company

Zakat assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") up to 2014. The zakat returns for the years from 2015 to 2021 are currently under review by the ZATCA.

For the year ended 31 December 2015

Zakat assessment was received for the year above amounting to SR 6,017,417 and the Group has submitted an objection to ZATCA during the statutory period. The Company paid partial amount of SR 1,017,416 then ZATCA has requested the committee to waive the co remaining assessment amount of SR 5,000,000. The waiver has been accepted by the committee and the management is waiting for the revised assessment reflecting this waive and a provision still provided for the remaining amount.

For the years ended 31 December 2016 to 2019

The Group received zakat assessments for these years amounting to SR 7,617,444 and the Group is in the process of submitting an objection to ZATCA within the statutory period. Management has provided for a provision in this regard.

For the year ended 31 December 2020 to 2022

The Group submitted zakat return for the year and no zakat assessment was received. The Group received a valid zakat certificate until 30 April 2024.

For the year ended 31 December 2023

The zakat status remains as mentioned above and has not changed in the year ended 31 December 2023.

(Subsidiaries)

Al Sakhaa Golden Trading and Contracting Company

Zakat assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") up to 2019.

For the year ended 31 December 2020 to 2022

The Company submitted zakat return for the year and no zakat assessment was received. The Company received a valid zakat certificate until 30 April 2024.

For the year ended 31 December 2023

The zakat status remains as mentioned above and has not changed in the year ended 31 December 2023.

Nahdi Care Limited Company

For the years ended 31 December 2019 to 2022

The Company submitted zakat return for the years and no zakat assessment was received. The Company received a valid zakat certificate until 30 April 2024.

For the year ended 31 December 2023

The zakat status remains as mentioned above and has not changed in the year ended 31 December 2023.

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13. EARNINGS PER SHARE

The earnings per share calculation is given below:

	<i>Three-month period ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net profit for the period	232,949,500	244,342,803
Weighted average number of ordinary shares	130,000,000	130,000,000
Earnings per share – Basic and diluted	1.79	1.88

There has been no item of dilution affecting the weighted average number of ordinary shares.

14. 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 by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- 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.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers among the levels during the period.

The management assessed that the fair value of financial assets and financial liabilities approximate their carrying amounts primarily due to the short-term maturities of these instrument.

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(UNAUDITED) (continued)

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15. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the shareholders, directors and key management personnel of the Group, affiliates (the Company and the entities are members of the same group), and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Key management compensation

Compensation for key management is as follows:

	<i>Three-month period ended 31 March</i>	
	<i>2024</i>	<i>2023</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Salaries and other benefits	875,001	875,001
Post-employment benefits	1,195,691	3,409,605
	<u>2,070,692</u>	<u>4,284,606</u>

The amounts disclosed in the above table are the amounts recognised as an expense during the period related to key management personnel.

Related party balances are generally unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 March 2024, the Group has recorded impairment of receivables relating to amounts owed by related parties by SR 2.5 million (31 December 2023: 2.5). This assessment is undertaken each financial year by examining the financial position of the related parties and the market in which the related party operates.

16. SEGMENT INFORMATION

The Group operates mainly in the KSA and the UAE and is engaged in the sale of cosmetics, medical materials, as well as medical equipment through pharmacies. It also operates specialized medical clinics through one of its subsidiaries. The Group's operations in the UAE are considered relatively insignificant, and accordingly, the Group does not present business sector information at the geographical level. Also, the Group's business of operating specialized medical clinics is considered relatively insignificant.

The Group has two operating segments, Front Shop and Pharma. The Group's segments maintain separate financial information, and the Group's chief operating decision maker (the "CODM") evaluates the segments' revenue on a regular basis in deciding how to allocate resources among the segments and in assessing segment performance. The CODM evaluates the performance of the Group's segments based on revenue. The Group uses revenue as its principal measure of segment performance as it enhances the Group's ability to compare past financial performance with current performance and analyse underlying business performance and trends. The operating costs could not be separated by the reported segments and hence presented in total. The following table presents information for the Group's operating segments for the three-month period ended 31 March 2024 and 31 March 2023, respectively.

For the three months period ended				
31 March 2024 (Unaudited)	Front Shop	Pharma	Others	Total
	<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
Revenue	981,173,358	1,198,884,095	77,439,989	2,257,497,442
<i>Unallocated income (expenses)</i>				
Cost of revenue				(1,396,663,586)
Other operating income, net				8,438,370
Selling and distribution expenses				(557,048,673)
General and administrative expenses				(80,584,027)
Finance costs				(24,611,294)
Finance income				18,928,545
Other income, net				16,382,010
Profit for the period before zakat				<u>242,338,787</u>
Zakat				(9,389,287)
Net profit for the period				<u>232,949,500</u>

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16. SEGMENT INFORMATION (continued)

For the three months period ended				
31 March 2023 (Unaudited)	Front Shop	Pharma	Others	Total
	SR	SR	SR	SR
Revenue	988,581,380	1,081,661,512	34,793,364	2,105,036,256
Unallocated income (expenses)				
Cost of revenue				(1,215,833,086)
Other operating income, net				3,043,075
Selling and distribution expenses				(548,631,397)
General and administrative expenses				(80,368,708)
Finance costs				(17,269,702)
Finance income				15,356,258
Reversal of impairment on investment properties				997,000
Other income, net				12,616
Profit for the period before zakat				262,342,312
Zakat				(17,999,509)
Net profit for the period				244,342,803

17. COMMITMENTS AND CONTINGENCIES

As at 31 March 2024, the Group has commitments of SR 49 million (31 December 2023: SR 53 million) relating to capital expenditures, which also includes an agreement with a consulting Group to implement the decorations of pharmacies, implement the new stores, construction of distribution centre. It also includes commitments pertains to letter of credit, letter of guarantee and commitment towards lessors.

18. COMPARATIVE FIGURES

Certain prior period information has been reclassified/represented to conform with the presentation in the current period. As a result of such reclassification, there is no impact on the interim condensed consolidated statement of profit or loss and Comprehensive Income, interim condensed consolidated statement of changes in shareholders' equity and interim condensed consolidated statement of cashflows.

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19. BRANCHES

The Parent Company has the following branches at the reporting date:

Sr. No.	Location of Branch	Commercial Registration Number	Sr. No.	Location of Branch	Commercial Registration Number
1	Jeddah	4030124053	25	Besha	5851874572
2	Jeddah	4030158333	26	Buraida	1131304702
3	Jeddah	4030150171	27	Dammam	2050179259
4	Jeddah	4030158630	28	Dammam	2050050664
5	Jeddah	4030111904	29	Dammam	2050046442
6	Jeddah	4030118789	30	Dammam	2050045579
7	Jeddah	4030298132	31	Dhahran	2052002695
8	Jeddah	4030143265	32	Hafr Albaten	2511007816
9	Jeddah	4030121733	33	Hail	3350147306
10	Jeddah	4030477660	34	Jazan	5900120635
11	Riyadh	1010187031	35	Khamis Mushayt	5855023957
12	Riyadh	1010440211	36	Khamis Mushayt	5855071782
13	Riyadh	1010444001	37	Khobar	2051052304
14	Riyadh	1010461685	38	Makkah	4031044920
15	Abha	5850031875	39	Makkah	4031093616
16	Al Ahsaa	2031102806	40	Makkah	4031044923
17	Al Baha	5800104904	41	Makkah	4031263468
18	Al Madina	4650035174	42	Najran	5950117233
19	Al Madina	4650286705	43	Qura Al Ahsaa	2250062550
20	Al Madina	4650032936	44	Skaka	3400119081
21	Al Madina	4650032911	45	Tabuk	3550131585
22	Al Mubarratz	2252032301	46	Taif	4032023921
23	Al Qunfotha	4603150305	47	Taif	4032048995
24	Arar	3450174719			

20. EVENTS AFTER REPORTING PERIOD

There have been no significant subsequent events since the period ended 31 March 2024 which would require either a disclosure or have a material impact on the Group interim condensed financial statements.

21. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved and authorized to issue by the Board of Directors on 07 May 2024G (corresponding to 28 Shawwal 1445H).