

NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS**
with
INDEPENDENT AUDITOR'S REVIEW REPORT
For the six-month period ended 30 June 2024

NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six-month period ended 30 June 2024

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KPMG Professional Services

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P.O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص.ب 55078
جده 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792
المركز الرئيسي في الرياض

Independent Auditor's Report on review of condensed consolidated interim financial statements

To the Shareholders of Nahdi Medical Company (a Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying 30 June 2024 condensed consolidated interim financial statements of Nahdi Medical Company (the "Company") and its subsidiaries ("the Group"), which comprises:

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

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

Scope of Review

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

Independent Auditor's Report on review of condensed consolidated interim financial statements (CONTINUED)

To the Shareholders of Nahdi Medical Company (a Saudi Joint Stock Company)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2024 condensed consolidated interim financial statements of Nahdi Medical Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

Other Matter

The condensed consolidated interim financial statements of the Group for the three-month and six-month periods ended 30 June 2023, were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 15 Muharram 1445H corresponding to 2 August 2023. The condensed consolidated interim financial statements of the Group for the three-month period ended 31 March 2024 were reviewed by another auditor who expressed an unmodified conclusion on those condensed consolidated interim financial statements on 28 Shawwal 1445H corresponding to 7 May 2024. Furthermore, the consolidated financial statements of the Group as at and for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 7 Ramadan 1445H corresponding to 17 March 2024.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454



Jeddah, 31 July 2024
Corresponding to 25 Muharram 1446H

NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

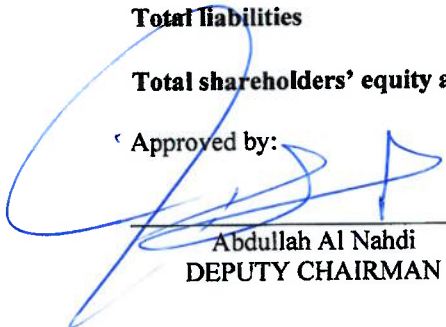
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 30 June 2024

(Expressed in Saudi Riyals unless otherwise stated)

	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Property and equipment	4	1,082,807,580	1,040,465,089
Intangible assets		61,234,474	51,170,546
Investment properties	5	254,304,184	254,304,184
Right-of-use assets	6	1,340,455,175	1,266,643,835
Non-current assets		<u>2,738,801,413</u>	<u>2,612,583,654</u>
Inventories	7	1,709,264,767	1,409,409,250
Trade receivables	8	291,176,354	172,847,737
Prepayments and other current assets		291,441,527	266,824,402
Cash and cash equivalents	9	728,403,572	909,662,249
Current assets		<u>3,020,286,220</u>	<u>2,758,743,638</u>
Total assets		<u>5,759,087,633</u>	<u>5,371,327,292</u>
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
Foreign currency translation reserve		(23,337)	(842,691)
Retained earnings		908,672,299	794,391,230
Total shareholders' equity		<u>2,577,856,402</u>	<u>2,462,755,979</u>
Liabilities			
Lease liabilities	6	955,685,944	870,566,386
Accruals and other non-current liabilities		8,492,649	14,793,148
Employee benefit liabilities	11	380,399,334	392,117,269
Non-current liabilities		<u>1,344,577,927</u>	<u>1,277,476,803</u>
Trade payables		1,204,387,327	894,307,578
Lease liabilities – current portion	6	321,491,389	304,189,343
Accruals and other current liabilities		220,204,668	320,065,623
Zakat provision	12	90,569,920	112,531,966
Current liabilities		<u>1,836,653,304</u>	<u>1,631,094,510</u>
Total liabilities		<u>3,181,231,231</u>	<u>2,908,571,313</u>
Total shareholders' equity and liabilities		<u>5,759,087,633</u>	<u>5,371,327,292</u>

Approved by:


Abdullah Al Nahdi
DEPUTY CHAIRMAN


Yasser Joharji
CEO


Mohammed Al-Khubani
CEO

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

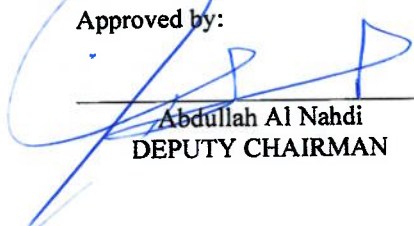
NAHDI MEDICAL COMPANY
(A Saudi Joint Stock Company)

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

For the three-month and six-month periods ended 30 June 2024
(Expressed in Saudi Riyals unless otherwise stated)

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2024	2023	2024	2023
Revenue	16	2,472,663,738	2,231,485,371	4,730,161,180	4,336,521,627
Cost of revenue		(1,533,982,403)	(1,331,132,807)	(2,930,645,989)	(2,546,965,893)
Gross profit		938,681,335	900,352,564	1,799,515,191	1,789,555,734
Other operating income		5,835,526	11,777,288	14,273,896	14,820,363
Selling and distribution expenses		(585,220,380)	(547,937,002)	(1,142,269,053)	(1,096,568,399)
General and administrative expenses		(85,876,778)	(81,270,451)	(166,460,805)	(161,639,159)
Operating profit for the period		273,419,703	282,922,399	505,059,229	546,168,539
Finance costs		(27,220,195)	(19,290,926)	(51,831,489)	(36,560,628)
Finance income		14,310,695	13,069,046	33,239,240	28,425,304
Reversal of impairment on investment properties		--	--	--	997,000
Other income		96,602	1,330	16,478,612	13,946
Profit for the period before zakat		260,606,805	276,701,849	502,945,592	539,044,161
Zakat charge	12	(12,871,259)	(11,749,658)	(22,260,546)	(29,749,167)
Net profit for the period		247,735,546	264,952,191	480,685,046	509,294,994
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>					
Re-measurement gain on defined benefit plans	11	13,084,824	25,713,272	23,596,023	14,664,173
<i>Items that may be reclassified to profit or loss in subsequent periods</i>					
Exchange differences on translation of foreign operations		42,284	(18,345)	819,354	377,600
Total comprehensive income for the period		260,862,654	290,647,118	505,100,423	524,336,767
Earnings per share					
Basic and diluted, earnings per share attributable to ordinary equity holders of the Parent Company	13	1.91	2.04	3.70	3.92

Approved by:


Abdullah Al Nahdi
DEPUTY CHAIRMAN


Yasser Joharji
CEO


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 CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
For the six-month period ended 30 June 2024
(Expressed in Saudi Riyals unless otherwise stated)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Foreign currency translation reserve</u>	<u>Total</u>
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	--	--	509,294,994	--	509,294,994
Other comprehensive income for the period	--	--	14,664,173	377,600	15,041,773
Total comprehensive income for the period	--	--	523,959,167	377,600	524,336,767
Dividend (note 10b)	--	--	(390,000,000)	--	(390,000,000)
Balance as at 30 June 2023 (unaudited)	<u>1,300,000,000</u>	<u>279,945,626</u>	<u>797,792,588</u>	<u>(17,270)</u>	<u>2,377,720,944</u>
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	--	--	480,685,046	--	480,685,046
Other comprehensive income for the period	--	--	23,596,023	819,354	24,415,377
Total comprehensive income for the period	--	--	504,281,069	819,354	505,100,423
Dividends (note 10b)	--	--	(390,000,000)	--	(390,000,000)
Balance as at 30 June 2024 (unaudited)	<u>1,300,000,000</u>	<u>369,207,440</u>	<u>908,672,299</u>	<u>(23,337)</u>	<u>2,577,856,402</u>

Approved by:


Abdullah Al Nahdi
DEPUTY CHAIRMAN


Yasser Joharji
CEO


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 CASH FLOWS
For the six-month period ended 30 June 2024
(Expressed in Saudi Riyals unless otherwise stated)

	Notes	Six-month period ended 30 June	
		2024	2023
Operating activities			
Profit for the period before zakat		502,945,592	539,044,161
<i>Adjustment to reconcile profit for the period before zakat to net cash flows from operating activities:</i>			
Depreciation of property and equipment	4	123,941,036	105,754,057
Depreciation of right-of-use assets	6	200,370,689	189,615,879
Amortisation of intangible assets		12,797,560	11,159,313
Gain on disposal of property and equipment		(1,371,574)	--
Gain on termination of leases		(54,967)	(28,660,387)
Creation / (reversal) for allowance for expected credit losses	8	306,366	(4,684,144)
Reversal of impairment for investment properties		--	(997,000)
Provision for inventories	7	3,111,197	2,905,438
Provision for employee benefits		22,817,849	34,575,445
Finance costs		51,831,489	36,560,628
		<u>916,695,237</u>	<u>885,273,390</u>
<i>Working capital adjustments:</i>			
Inventories		(302,966,714)	(212,182,404)
Trade receivables		(118,634,983)	(106,331,314)
Prepayments and other current assets		(24,617,125)	(84,785,682)
Trade and other payables		310,079,749	246,822,451
Accruals and other current liabilities		(104,044,650)	(38,370,337)
Cash from operations		<u>676,511,514</u>	<u>690,426,104</u>
Finance costs paid		(51,831,489)	(36,560,628)
Zakat paid	12	(44,222,592)	(45,643,950)
Employee benefits paid	11	(10,939,761)	(8,551,379)
Net cash flows from operating activities		<u>569,517,672</u>	<u>599,670,147</u>
Investing activities			
Purchase of property and equipment	4	(168,425,150)	(137,375,456)
Proceeds from disposal of property and equipment		1,396,393	--
Purchase of intangible assets		(22,861,488)	(13,047,727)
Net cash flows used in investing activities		<u>(189,890,245)</u>	<u>(150,423,183)</u>
Financing activities			
Payment of principal portion of lease liabilities		(171,705,458)	(250,142,746)
Dividend paid	10b	(390,000,000)	(390,000,000)
Cash flows used in financing activities		<u>(561,705,458)</u>	<u>(640,142,746)</u>
Decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		909,662,249	1,076,311,959
Net foreign exchange difference		819,354	377,600
Cash and cash equivalents at the end of the period	9	<u>728,403,572</u>	<u>885,793,777</u>
Supplementary non-cash information			
Additions to right-of-use assets and lease liabilities	6	<u>289,415,212</u>	<u>188,288,692</u>

Approved by:


Abdullah Al Nahdi
DEPUTY CHAIRMAN


Yasser Joharji
CEO


Mohammed Al-Khubani
CFO

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

At 30 June 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 six-month period ended 30 June 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. In addition, results for the interim condensed consolidated financial statements for the period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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 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)

At 30 June 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 30 June 2024.

<u>Subsidiary name</u>	<u>Legal structure</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Effective ownership interest</u>	
				<u>30 June 2024</u>	<u>31 December 2023</u>
Al Nahdi Care	Limited liability company	KSA	Clinics	100%	100%
Sakhaa Golden Company*	Limited liability company	KSA	Labor Services	100%	100%
Nahdi Investment Company**	Limited liability company	UAE	Holding Company	100%	100%

* As at 30 June 2024, Al Sakhaa Golden Trading and Contracting Company has an investment in the following subsidiary:

<u>Subsidiary name</u>	<u>Legal structure</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Effective ownership interest</u>	
				<u>30 June 2024</u>	<u>31 December 2023</u>
Al Sakhaa integrated solutions	Limited liability company	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 30 June 2024, Nahdi Investment Company also has investments in the following subsidiaries:

<u>Subsidiary name</u>	<u>Legal structure</u>	<u>Country of incorporation</u>	<u>Principal business activity</u>	<u>Effective ownership interest</u>	
				<u>30 June 2024</u>	<u>31 December 2023</u>
Nahdi Drug Store	Limited liability company	UAE	Drug store	99%	99%
Al Nahdi Pharmacy	Limited liability company	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 impact of non-controlling interest for the interim condensed consolidated financial statements is not material.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

At 30 June 2024

(Expressed in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.4 Basis of consolidation (continued)

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.

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.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

At 30 June 2024

(Expressed in Saudi Riyals unless otherwise stated)

2. BASIS OF PREPARATION (continued)

2.4 Basis of consolidation (continued)

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. NEW STANDARDS AND AMENDMENTS TO STANDARDS

3.1 New standards and amendments to standards

The following amendments to existing standards and framework have been applied by the Group in preparation of these condensed interim financial statements. The adoption of the following did not result in changes to the previously reported profit or equity of the Group.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective date</u>
IAS 1	Classification of liabilities as current or non-current	January 01, 2024
IAS 1	Non-current Liabilities with Covenants	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback	January 01, 2024
IAS 7 and IFRS 7	Supplier finance arrangements	January 01, 2024

Following are the new IFRS sustainability disclosure standards that are not yet endorsed by SOCPA.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IFRS S1	General requirements for disclosure of sustainability-related financial information	January 01, 2024
IFRS S2	Climate-related disclosures	January 01, 2024

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

At 30 June 2024

(Expressed in Saudi Riyals unless otherwise stated)

3. NEW STANDARDS AND AMENDMENTS TO STANDARDS (continued)

3.2 Standards issued but not yet effective

The standards, interpretations, and amendments issued, but not yet effective up to the date of issuance of the condensed interim financial statements are disclosed below. The Group is currently assessing the implications on the Group's condensed interim financial statements on adoption. The Group intends to adopt these standards, where applicable, when they become effective.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 21	Lack of exchangeability (amendments to IAS 21)	January 01, 2025
IFRS 18	Presentation and disclosure in financial statements	January 01, 2027
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

4. PROPERTY AND EQUIPMENT

	30 June <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
Cost:		
At the beginning of the period / year	2,173,400,820	1,863,236,754
Additions during the period / year	168,425,150	353,861,780
Disposals during the period / year	(2,851,686)	(8,990,627)
Write-offs during the period / year	(8,602,211)	(34,707,087)
At the end of the period / year	<u>2,330,372,073</u>	<u>2,173,400,820</u>
Depreciation:		
At the beginning of the period / year	1,132,935,731	949,603,721
Depreciation charge for the period / year	123,941,036	219,855,774
Disposals during the period / year	(2,826,867)	(8,953,135)
Write-offs during the period / year	(6,485,407)	(27,570,629)
At the end of the period / year	<u>1,247,564,493</u>	<u>1,132,935,731</u>
<u>Net book value:</u>		
At the end of the period / year	<u><u>1,082,807,580</u></u>	<u><u>1,040,465,089</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

At 30 June 2024

(Expressed in Saudi Riyals unless otherwise stated)

5. INVESTMENT PROPERTIES

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

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.

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.

The fair value valuation was performed as at 31 March 2024 and the management believes that there are no changes in the fair value from such date till the date of this condensed consolidated interim financial statements.

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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:

	<u>30 June 2024</u>		<u>31 December 2023</u>	
	<u>Right-of-use assets</u> (Unaudited)	<u>Lease liabilities</u> (Unaudited)	<u>Right-of-use assets</u> (Audited)	<u>Lease liabilities</u> (Audited)
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	289,415,212	289,415,212	611,068,520	611,068,520
Transfer from Intangible assets during the period / year	--	--	3,407,223	--
Modifications during the period / year	(3,849,698)	(3,849,698)	(88,252,939)	(88,252,939)
Termination during the period / year	(11,383,485)	(11,438,452)	(51,248,144)	(80,491,122)
Depreciation during the period / year	(200,370,689)	--	(375,092,619)	--
Accretion of interest during the period / year	--	31,805,890	--	50,463,395
Payments during the period / year	--	(203,511,348)	--	(486,136,976)
At the end of the period / year	<u>1,340,455,175</u>	<u>1,277,177,333</u>	<u>1,266,643,835</u>	<u>1,174,755,729</u>

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

	<u>30 June 2024</u> (Unaudited)	<u>31 December 2023</u> (Audited)
Current	321,491,389	304,189,343
Non-current	955,685,944	870,566,386
	<u>1,277,177,333</u>	<u>1,174,755,729</u>

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

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7. INVENTORIES

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Inventories	1,803,710,026	1,507,140,759
Less: Allowance for inventories	(94,445,259)	(97,731,509)
	<u>1,709,264,767</u>	<u>1,409,409,250</u>

Movement in the provision for inventories was as follows:

	30 June 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	3,111,197	(11,953,496)
Written off during the period / year	(6,397,447)	(32,536,085)
At the end of the period / year	<u>94,445,259</u>	<u>97,731,509</u>

8. TRADE RECEIVABLES

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Trade receivables	295,395,131	176,772,076
Less: Allowance for expected credit losses (see note below)	(4,218,777)	(3,924,339)
	<u>291,176,354</u>	<u>172,847,737</u>

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

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
At the beginning of the period / year	3,924,339	8,414,793
Charge / (reversal) for the period / year	306,366	(4,490,454)
Written off during the period / year	(11,928)	-
	<u>4,218,777</u>	<u>3,924,339</u>

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

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9. CASH AND CASH EQUIVALENTS

	30 June <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
Cash at banks	65,026,781	70,735,306
Cash on hand	93,396,791	77,969,943
Murabaha & term deposits (see note below)	569,980,000	760,957,000
	<u>728,403,572</u>	<u>909,662,249</u>

At 30 June 2024, the Group had short-term bank deposits with original maturities of less than three months. During the period ended 30 June 2024, the Group earned SR 28.5 million (30 June 2023; SR 28.4 million) on the Murabaha and term-deposits at rate of return ranging between 5.50% 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 17 March 2024 (corresponding to 7 Ramadan 1445H), 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 2023, which represents 30% of the nominal value of the shares which was settled in full during the period.
- On 19 March 2023 (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.

	30 June <u>2024</u> SR	31 December <u>2023</u> SR
Interim cash dividends for the second half of the year 2023: SR 3.00 per share (2022: SR 3.00 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
Total dividends for the period / year	<u>390,000,000</u>	<u>715,000,000</u>

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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:

	30 June <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
Defined benefits obligation at beginning of the period / year	392,117,269	380,861,250
Current service cost	24,906,527	55,423,817
Past service cost	(9,491,076)	--
Interest cost on defined benefits obligation	7,402,398	15,936,509
Actuarial gain on the obligation	(23,596,023)	(42,201,483)
Transferred out	--	(19,972)
Payments made during the period / year	(10,939,761)	(17,882,852)
	<u>380,399,334</u>	<u>392,117,269</u>

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

	30 June <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
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

12. ZAKAT

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

	30 June <u>2024</u> (Unaudited)	31 December <u>2023</u> (Audited)
At the beginning of the period / year	112,531,966	106,547,901
Provision for the current period / year	22,260,546	51,628,015
Payment during the period / year	(44,222,592)	(45,643,950)
	<u>90,569,920</u>	<u>112,531,966</u>

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12. ZAKAT (continued)

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

For the year ended 31 December 2015

Zakat assessment was received for the year above amounting to SR 6,017,417 and the Company has submitted an objection to ZATCA during the statutory period. The Company paid partial amount of SR 1,017,416 as of 29 December 2022 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 revised zakat assessment was issued, which reflects the committee's decisions and finalizes the zakat status for the year.

For the years ended 31 December 2016 to 2019

The Company received zakat assessments for these years amounting to SR 7,617,444 and the Group has submitted an objection to ZATCA within the statutory period. The decision of the committee was issued and the company settled the differences on 28 November 2022. Accordingly, the Zakat status for the years are finalized.

For the years ended 31 December 2020 to 2023

The Company submitted zakat return for the year and no zakat assessment was received. The Company received a valid zakat certificate until 30 April 2025.

For the period ended 30 June 2024

The zakat status remains as mentioned above.

(Subsidiaries)

Al Sakhaa Golden Trading and Contracting Company

For the years from starting operations till year ended 31 December 2019

The Company received zakat assessments for these years amounting to SR 53,619 and the Company has submitted an objection to ZATCA within the statutory period. The decision of the committee was issued and the company settled the differences on 5 August 2021. Accordingly, the Zakat status for the years are finalized.

For the years ended 31 December 2020 to 2023

The Company submitted zakat return for the year and no zakat assessment was received. The Company received a valid zakat certificate until 30 April 2025.

For the period ended 30 June 2024

The zakat status remains as mentioned above.

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12. ZAKAT (continued)

Status of assessments (continued)

(Subsidiaries) (continued)

Nahdi Care Limited Company

For the years ended 31 December 2019 to 2023

The Company submitted zakat return for the years and no zakat assessment was received. The Company received a valid zakat certificate until 30 April 2025.

For the period ended 30 June 2024

The zakat status remains as mentioned above.

13. EARNINGS PER SHARE

The earnings per share calculation is given below:

	Three-month period ended 30 June		Six-month period ended 30 June	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net profit for the period	<u>247,735,546</u>	<u>264,952,191</u>	<u>480,685,046</u>	<u>509,294,994</u>
Weighted average number of ordinary shares	<u>130,000,000</u>	<u>130,000,000</u>	<u>130,000,000</u>	<u>130,000,000</u>
Earnings per share – Basic and diluted	<u>1.91</u>	<u>2.04</u>	<u>3.70</u>	<u>3.92</u>

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.

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14. FAIR VALUE MEASUREMENT (continued)

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.

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:

	Three-month period ended 30 June		Six-month period ended 30 June	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Salaries and other benefits	875,000	875,000	1,750,000	1,750,000
Post-employment benefits	3,461,879	3,409,605	4,657,570	6,819,210
	<u>4,336,879</u>	<u>4,284,605</u>	<u>6,407,570</u>	<u>8,569,210</u>

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

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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 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 six-month periods ended 30 June 2024 and 30 June 2023, respectively.

For the six months period ended

30 June 2024 (Unaudited)	<u>Front Shop</u> SR	<u>Pharma</u> SR	<u>Others</u> SR	<u>Total</u> SR
Revenue	<u>2,070,324,113</u>	<u>2,497,345,980</u>	<u>162,491,087</u>	<u>4,730,161,180</u>
<i>Unallocated income (expenses)</i>				
Cost of revenue				(2,930,645,989)
Other operating income, net				14,273,896
Selling and distribution expenses				(1,142,269,053)
General and administrative expenses				(166,460,805)
Finance costs				(51,831,489)
Finance income				33,239,240
Other income, net				<u>16,478,612</u>
Profit for the period before zakat				502,945,592
Zakat				<u>(22,260,546)</u>
Net profit for the period				<u>480,685,046</u>

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16. SEGMENT INFORMATION (continued)

For the six months period
ended 30 June 2023
(Unaudited)

	<u>Front Shop</u> SR	<u>Pharma</u> SR	<u>Others</u> SR	<u>Total</u> SR
Revenue	<u>2,110,372,492</u>	<u>2,153,335,735</u>	<u>72,813,400</u>	<u>4,336,521,627</u>
<i>Unallocated income</i> <i>(expenses)</i>				
Cost of revenue				(2,546,965,893)
Other operating income, net				14,820,363
Selling and distribution expenses				(1,096,568,399)
General and administrative expenses				(161,639,159)
Finance costs				(36,560,628)
Finance income				28,425,304
Reversal of impairment on investment properties				997,000
Other income, net				13,946
Profit for the period before zakat				<u>539,044,161</u>
Zakat				<u>(29,749,167)</u>
Net profit for the period				<u>509,294,994</u>

17. COMMITMENTS AND CONTINGENCIES

As at 30 June 2024, the Group has commitments of SR 67 million (31 December 2023: SR 93 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 in the interim condensed consolidated statement of profit or loss and other comprehensive income 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 other 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 No.	Sr. No.	Location of Branch	Commercial Registration No.
1	Jeddah	4030124053	26	Al Qunfotha	4603150305
2	Jeddah	4030158333	27	Arar	3450174719
3	Jeddah	4030150171	28	Besha	5851874572
4	Jeddah	4030158630	29	Buraida	1131304702
5	Jeddah	4030111904	30	Dammam	2050179259
6	Jeddah	4030118789	31	Dammam	2050050664
7	Jeddah	4030298132	32	Dammam	2050046442
8	Jeddah	4030143265	33	Dammam	2050045579
9	Jeddah	4030121733	34	Dhahran	2052002695
10	Jeddah	4030477660	35	Hafr Albaten	2511007816
11	Jeddah	4030541506	36	Hail	3350147306
12	Jeddah	4030546346	37	Jazan	5900120635
13	Jeddah	4030547547	38	Khamis Mushayt	5855023957
14	Riyadh	1010187031	39	Khamis Mushayt	5855071782
15	Riyadh	1010440211	40	Khobar	2051052304
16	Riyadh	1010444001	41	Makkah	4031044920
17	Riyadh	1010461685	42	Makkah	4031093616
18	Abha	5850031875	43	Makkah	4031044923
19	Al Ahsaa	2031102806	44	Makkah	4031263468
20	Al Baha	5800104904	45	Najran	5950117233
21	Al Madina	4650035174	46	Qura Al Ahsaa	2250062550
22	Al Madina	4650286705	47	Skaka	3400119081
23	Al Madina	4650032936	48	Tabuk	3550131585
24	Al Madina	4650032911	49	Taif	4032023921
25	Al Mubarraz	2252032301	50	Taif	4032048995

20. EVENTS AFTER REPORTING PERIOD

On 30 July 2024 (corresponding to 24 Muharram 1446H), the Board of Directors announced the distribution of SR 325,000,000 as cash dividends (SR 2.5 per share) for the first half of the year 2024 which represents 25% of the nominal value of the shares.

There have been no other significant subsequent events since the period ended 30 June 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 audit committee with authorization from Board of Directors on 30 July 2024 corresponding to 24 Muharram 1446H.