

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY

PUBLIC SHAREHOLDING COMPANY

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Dar Al Dawa Development and Investment Company
Amman – Jordan**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dar Al Dawa Development and Investment Company (the “Company”) and its subsidiaries (the “Group”) which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1. Revenue Recognition	
Disclosures that relate to the revenue recognition were disclosed in note (21) to the consolidated financial statements and the disclosures related to revenue recognition material accounting policies information are included in note (3) to the consolidated financial statements.	
Key audit matter	How the key audit matter was addressed in the audit
The Group focuses on revenues as a key performance metric. Revenue recognition was considered a key audit matter due to the large number of sales transactions and its geographical diversity and the risk of revenue recognition before the completion of the sale transaction, which may result in overstating revenues. The Group's revenues amounted to JD 81,180,173 as at 31 December 2024.	<p>The audit procedures included evaluating the Group's revenue recognition accounting policies in accordance with International Financial Reporting Standard (15). We performed an understanding of the Group's internal control system over revenue recognition, including the main internal control elements within the revenue recognition cycle. We also selected a sample before and after the end of the fiscal year to assess whether revenue was recognized during the correct period.</p> <p>We have also performed detailed analytical audit procedures for the gross margin on a monthly basis. We also selected and tested a representative sample of journal entries from the revenues accounts.</p>

2. Recoverability of trade receivables balances

Disclosures that relate to the trade receivables were disclosed in note (11) to the consolidated financial statements and the disclosures related to the trade receivable's material accounting policies information are included in note (3) to the consolidated financial statements.

Key audit matter

At 31 December 2024, gross trade receivables balance amounted to JD 34,474,925 representing 27.8% of the Group's total assets.

The Group has applied the simplified approach of International Financial Reporting Standard (9) "financial instruments" for the recognition of the expected credit losses on the accounts receivable and calculating the expected credit losses for the lifetime of the receivables.

Due to the significance of trade receivables and due to the fact that the provision required a high level of uncertain judgment as required by IFRS (9), this was considered as key audit matter.

How the key audit matter was addressed in the audit

Our audit procedure included the following:

- Understanding the Group's adopted policy in calculating the provision in comparison with the requirement of IFRS (9).
- We verified the inputs and the information used in the expected credit losses matrix.
- We assessed the reasonableness of estimates and judgements used by management in calculating the provision for expected credit losses.

3. Existence and valuation of inventories

Disclosures that relate to inventories were disclosed in note (10) to the consolidated financial statements and the disclosures related to inventories material accounting policies information are included in note (3) to the consolidated financial statements.

Key audit matter

At 31 December 2024, net inventories balance amounted to JD 25,780,184 representing 20.8% of the Group's total assets. Inventories mainly consist of raw materials and finished goods located in the Group's warehouses.

The valuation of inventories to net realizable value is based on management estimates.

Due to the significance of inventories' balance and the fact that provisions require material uncertain estimates, this was considered as a key audit matter.

How the key audit matter was addressed in the audit

Our audit procedures included testing the Group's controls around existence of inventories and key controls of the inventory cycle. In addition, our audit procedures included observation of the stock counts held at the Group's warehouses. Also, we selected a sample of inventories issuances and receipts for the periods before and after the year end of 31 December 2024 to assess whether the inventory was recorded in the correct period. We also tested the basis for inventory obsolescence in line with management estimate. By testing the ageing profile of inventory and identifying the inventory related issues and historical loss rates.

Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2024 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts which are in agreement with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Ali Hasan Samara; license number 503.

Amman – Jordan
27 March 2025

ERNST & YOUNG
Amman - Jordan

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 JD	2023 JD
<u>ASSETS</u>			
NON-CURRENT ASSETS -			
Property, plant and equipment	6	31,070,538	30,517,106
Projects in progress	7	324,299	650,815
Intangible assets	8	4,571,853	4,335,315
Investment in an associate	9	1,961,043	1,850,088
Right of use assets	32	377,173	217,541
Financial assets at fair value through other comprehensive income		4,177	4,222
Deferred tax assets	18	2,190,061	2,152,038
		<u>40,499,144</u>	<u>39,727,125</u>
CURRENT ASSETS-			
Inventories	10	25,780,184	19,549,450
Trade receivables and other current assets	11	37,999,305	32,448,454
Amounts due from related parties	30	2,124,357	2,777,421
Restricted bank balances	34	2,087,353	2,013,105
cash and bank balances	12	15,575,516	12,643,075
		<u>83,566,715</u>	<u>69,431,505</u>
Assets held for sale	31	95,057	95,057
		<u>83,661,772</u>	<u>69,526,562</u>
Total Assets		<u>124,160,916</u>	<u>109,253,687</u>
<u>LIABILITIES AND EQUITY</u>			
EQUITY			
Parent Company's Shareholders' Equity -	13		
Paid-in capital		35,000,000	35,000,000
Statutory reserve		10,000,000	10,000,000
Voluntary reserve		1,992,003	1,992,003
Special reserve		1,268,624	1,268,624
Other reserves		309,465	204,195
Foreign currency translation reserve		(8,033,785)	(7,662,908)
Fair value reserve		(257,865)	(257,865)
Retained earnings		8,852,095	5,266,709
		<u>49,130,537</u>	<u>45,810,758</u>
Non-controlling interest	5	571,414	436,559
Net Equity		<u>49,701,951</u>	<u>46,247,317</u>
LIABILITIES			
NON-CURRENT LIABILITIES -			
Bank loans – long term	15	-	79,260
Long-term lease contracts liabilities	32	284,899	89,923
End of service indemnity provision	14	467,474	494,912
		<u>752,373</u>	<u>664,095</u>
CURRENT LIABILITIES -			
Due to banks	16	17,217,093	16,017,495
Revolving loans	17	26,690,762	20,507,681
Bank loans instalments maturing within a year	15	1,769,944	2,320,860
Current portion of lease contracts liabilities	32	174,957	85,034
Trade payables and other current liabilities	19	22,662,052	18,761,530
Other provisions	20	4,444,774	4,296,215
Income tax provision	18	740,852	347,302
		<u>73,700,434</u>	<u>62,336,117</u>
Liabilities directly related to assets held for sale	31	6,158	6,158
		<u>73,706,592</u>	<u>62,342,275</u>
Total liabilities		<u>74,458,965</u>	<u>63,006,370</u>
Total shareholders' equity and liabilities		<u>124,160,916</u>	<u>109,253,687</u>

The attached notes from 1 to 39 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 JD	2023 JD
Revenue from contracts with customers	21	81,180,173	74,878,875
Cost of sales	22	(47,856,504)	(45,514,764)
Gross profit		33,323,669	29,364,111
Selling and marketing expenses	23	(16,748,081)	(14,885,195)
Administrative expenses	24	(6,559,887)	(5,263,908)
Research and development expenses	25	(1,057,456)	(1,265,406)
Provision for expected credit losses expense	11	(449,968)	(422,481)
Other expenses, net	26	(994,869)	(360,137)
Profit from operations		7,513,408	7,166,984
Foreign exchange losses		(254,420)	(367,579)
Group's share of results from an associate	9	110,955	(135,499)
Employees termination compensation expenses	35	(69,528)	(912,682)
Finance costs		(3,948,595)	(3,825,461)
Interest income		754,863	657,631
Profit for the year before income tax		4,106,683	2,583,394
Income tax for the year	18	(393,133)	511,740
Profit for the year		3,713,550	3,095,134
Attributable to:			
Equity holders of the Parent		3,585,386	3,161,389
Non-controlling interest	5	128,164	(66,255)
		3,713,550	3,095,134
		JD/Fils	JD/Fils
Basic and diluted earnings per share from the profit for the year attributable to the equity holders of the parent	27	0/102	0/090

The attached notes from 1 to 39 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024	2023
		JD	JD
Profit for the year		3,713,550	3,095,134
Add: Other comprehensive income that might be reclassified to income in subsequent periods:			
Foreign currency translation differences		(364,186)	1,344,620
Add: Other comprehensive income that will not be reclassified to income in subsequent periods:			
Actuarial gain (loss) resulting from the reassessment of defined benefit plan	14	105,270	(42,501)
Other comprehensive income items		(258,916)	1,302,119
Total comprehensive income for the year		<u>3,454,634</u>	<u>4,397,253</u>
Attributable to:			
Equity holders of the Parent		3,319,779	4,438,885
Non-controlling interest		134,855	(41,632)
		<u>3,454,634</u>	<u>4,397,253</u>

The attached notes from 1 to 39 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to equity holders of the Parent										
						Foreign currency translation reserve	Fair value reserve	Retained earnings	Total	Non- controlling interest	Net equity
	Paid-in capital	Statutory reserve	Voluntary reserve	Special reserve	Other reserves						
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2024 -											
Balance as at 1 January	35,000,000	10,000,000	1,992,003	1,268,624	204,195	(7,662,908)	(257,865)	5,266,709	45,810,758	436,559	46,247,317
Profit for the year	-	-	-	-	-	-	-	3,585,386	3,585,386	128,164	3,713,550
Other comprehensive income items after tax	-	-	-	-	105,270	(370,877)	-	-	(265,607)	6,691	(258,916)
Total comprehensive income for the year	-	-	-	-	105,270	(370,877)	-	3,585,386	3,319,779	134,855	3,454,634
Balance as at 31 December	35,000,000	10,000,000	1,992,003	1,268,624	309,465	(8,033,785)	(257,865)	8,852,095	49,130,537	571,414	49,701,951
31 December 2023 -											
Balance as at 1 January	35,000,000	10,000,000	1,992,003	1,268,624	246,696	(8,982,905)	(257,865)	3,855,320	43,121,873	478,191	43,600,064
Profit for the year	-	-	-	-	-	-	-	3,161,389	3,161,389	(66,255)	3,095,134
Other comprehensive income items after tax	-	-	-	-	(42,501)	1,319,997	-	-	1,277,496	24,623	1,302,119
Total comprehensive income for the year	-	-	-	-	(42,501)	1,319,997	-	3,161,389	4,438,885	(41,632)	4,397,253
Dividends (note 13)	-	-	-	-	-	-	-	(1,750,000)	(1,750,000)	-	(1,750,000)
Balance as at 31 December	35,000,000	10,000,000	1,992,003	1,268,624	204,195	(7,662,908)	(257,865)	5,266,709	45,810,758	436,559	46,247,317

The attached notes from 1 to 39 form part of these consolidated financial statements

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 JD	2023 JD
<u>OPERATING ACTIVITIES</u>			
Profit for the year before income tax		4,106,683	2,583,394
Adjustments for -			
Depreciation and amortization	6,8,32	4,074,369	3,561,280
Gain on disposal of property, plant and equipment	26	-	(89,507)
Gain from derecognition of lease contracts liabilities	26	-	(117,445)
Provision for expected credit losses expense	11	449,968	422,481
Group's share of results from an associate	9	(110,955)	135,499
End of service indemnity provision	14	183,736	139,267
Provision for expired and near expiry goods	10,26	1,156,147	895,035
Other provisions	20	6,282,188	5,423,751
Finance cost		3,948,595	3,825,461
Interest income		(754,863)	(657,631)
Working capital changes -			
Inventories		(7,386,881)	(5,353,097)
Related parties		653,064	765,525
Trade payable and other current liabilities		3,900,522	226,827
Trade receivables and other current assets		(6,000,819)	(249,303)
Paid from end of service indemnity provision	14	(105,904)	(58,091)
Income tax paid	18	(37,606)	(174,205)
Paid from other provisions	20	(6,133,629)	(6,157,234)
Net cash flows from operating activities		4,224,615	5,122,007
<u>INVESTING ACTIVITIES</u>			
Purchases of property, plant and equipment	6	(3,701,425)	(2,036,579)
Additions to intangible assets	8	(478,716)	(206,808)
Projects in progress	7	(264,570)	(28,644)
Dividends received from an associate	9	-	50,462
Restricted bank balances		(74,248)	(64,691)
Interest income received		754,863	657,631
Proceeds from sale of property, plant and equipment		-	135,495
Net cash flows used in investing activities		(3,764,096)	(1,493,134)
<u>FINANCING ACTIVITIES</u>			
Loans paid		(3,939,695)	(2,827,141)
Loans proceeds		3,309,519	-
Revolving loans		6,183,081	2,577,839
Paid from lease liabilities	32	(133,716)	(102,844)
Finance cost paid		(3,906,049)	(3,817,710)
Dividends paid	13	-	(1,750,000)
Net cash flows from (used in) financing activities		1,513,140	(5,919,856)
Net increase (decrease) in cash and cash equivalents		1,973,659	(2,290,983)
Effect of exchange rate changes on cash and cash equivalent		(240,816)	1,007,250
Cash and cash equivalents at the beginning of the year		(3,279,363)	(1,995,630)
Cash and cash equivalents at the end of the year	12	(1,546,520)	(3,279,363)

The attached notes from 1 to 39 form part of these consolidated financial statements

(1) GENERAL

Dar Al Dawa Development and Investment Company (the “Company”) was established as a public shareholding company on 17 August 1975 with a paid in capital of JD 500,000. The Company's paid in capital has increased over the years to reach JD 35,000,000 divided into 35,000,000 shares at a par value of JD 1 per share.

The Company's main objectives are production of medical, chemical, and pharmaceutical products, and importing pharmaceutical products. The subsidiaries' main objectives are marketing and distributing the Company's products and producing some specialized medical products and investments activities.

The headquarters of the Company is located in Na'our – The Hashemite Kingdom of Jordan.

The consolidated financial statements were approved by the Board of Directors on 18 March 2025 and are subject to the approval of the General Assembly.

(2) BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(2-1) BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income that have been measured at fair value as at the date of the consolidated financial statements.

The consolidated financial statements are presented in Jordanian Dinars (“JD”) which is the functional currency of the Company.

(2-2) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries under its control, and control is achieved when the Company is exposed to the variable returns resulting from its investment in the subsidiaries or has rights in such returns, and is able to influence such returns through its authority over the subsidiaries, and transactions, balances, revenues and expenses between the Company and the subsidiaries are excluded. The subsidiaries included in the consolidated financial statements are as follows:

Company Name	Main activity	Country of establishment	Percentage of ownership 2024	Percentage of ownership 2023
Dar Al Dawa - Algeria	Marketing	Algeria	100%	100%
Dar Al Dawa - Tunis	Marketing	Tunis	100%	100%
Dar Al Dawa Pharma – Romania	Marketing	Romania	100%	100%
Al Dar Investment for Consulting	Financial Investments	Jordan	100%	100%
Nutridar – Public Shareholding Company	Industrial	Jordan	90.4%	90.4%
Al Nahda for Financial Investments*	Financial investments	Jordan	40.2%	40.2%
Al Dar Jordan for Investment and its subsidiary:	Investment	Jordan	100%	100%
Medi Pharma International – Algeria	Industrial	Algeria	85%	85%
Dar Al Dawa Regional Headquarters Company**	Regional Headquarters	Saudi Arabia	100%	-

* Al Nahda for Financial Investments Company is under liquidation.

** Dar Al-Dawa Regional Headquarters Company was established in the Kingdom of Saudi Arabia during 2024 as a Limited Liability Company.

Control is achieved when a group has rights in variable returns resulting from its association with the investee group and has the ability to influence these returns through its ability to control the investee group. The investee group is controlled only when the following is achieved:

- The Group's control over the investee group (existing rights that give the Group the ability to direct the relevant activities of the investee company).
- Display of the group or its rights in the variable returns resulting from its association with the investee group.
- The ability to exercise control over the investee group and influence its returns.

(2-2) BASIS OF CONSOLIDATION (CONTINUED)

Where the Group owns less than a majority of voting rights or similar rights in the investee company, the Group shall take into account all relevant facts and circumstances to determine whether it has control over the investee company, including:

- Contractual arrangements with other voting rights holders in the investee company.
- Rights resulting from other contractual arrangements.
- Current voting rights and possible voting rights of the group.

The Group reassesses whether it controls the investee company and if there are circumstances or facts indicating a change in one or more of the three elements of control.

The financial statements of the subsidiary shall be consolidated from the date of exercising control until such control ceases. The income and expenses of subsidiaries are consolidated in the consolidated comprehensive income statement from the date of the Group's control of the subsidiaries until such control ceases.

Profit and loss and every other item of comprehensive income is charged to the shareholders' equity in the parent company and the rights of non-controlling parties, even if this results in a deficit in the equity balance of the non-controlling parties. If necessary, the financial statements of subsidiaries are amended to align their accounting policies with the Group's accounting policies. Assets, liabilities, equity, income, expenses, profits and losses relating to transactions between the Group and its subsidiaries are excluded.

The effect of a change in ownership in the subsidiary that does not result in a loss of control is recorded. When you lose control of the affiliate, the group will:

- Derecognition of assets (including goodwill) and liabilities of the subsidiary
- Derecognition of the rights of non-controlling parties
- Derecognition of foreign currency translation reserves
- Recognition of the fair value of the amounts received
- Recognition of the fair value of the investment held in the subsidiary
- Recognition of profits or losses resulting from the loss of control
- Reclassification of the company's share previously recorded in other comprehensive income items to profit and loss

(2-3) CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2024 except for the adoption of new standards effective as at 1 January 2024 as shown below:

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

The amendments in IFRS 16 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 material impact on the Group's consolidated financial statements.

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

The amendments to IAS 1 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, an entity is required to disclose 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 material impact on the Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures 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 had no material impact on the Group's consolidated financial statements.

(3) MATERIAL ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment value, depreciation (except for land and projects in progress) is computed on a straight-line basis over the estimated useful lives of assets at the following annual rates:

	<u>Depreciation rate</u>
	%
Buildings	2-4
Tools, machinery, and equipment	10
Vehicles	15
Computers	20-25
Furniture and office equipment	10-15

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

The carrying amount of property, plant and equipment is reviewed for impairment when there is a change in events or in circumstances which indicates that the carrying amount may not be recoverable. When such indicators exist and when the carrying values exceed the estimated recoverable amounts of the property, plant and equipment, the assets are written down to their recoverable amounts of the property, plant and equipment, and the impairment is recorded in the consolidated statement of income.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the consolidated statement of income.

Projects in progress

Projects in progress are stated at cost. This includes the cost of construction, equipments and other direct costs. Projects in progress are not depreciated until they are ready for use.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets

The measurement of intangible assets at acquisition by cost or fair value if resulting from the acquisition of subsidiaries.

The useful lives of intangible assets are assessed as either finite or indefinite. Finite intangible assets are amortized over their useful lives using the straight-line basis and recorded in the consolidated statement of income at the following annual rates:

	<u>Amortization rate</u> %
Registered medical files	20-33

Indefinite intangible assets are tested for impairment on an annual basis and recorded in the consolidated statement of income.

Research and development expenses are recorded in the consolidated statement of income. Development expenditures are capitalized and recorded within the intangible assets in the consolidated statement of financial position when the conditions stated in IAS 38 are met.

An intangible asset arising from development or from the development phase of an internal project should be recognized if, and only if, an entity can demonstrate all of the following:

1. The technical feasibility of completing the intangible asset so that it will be available for use or sale.
2. Its intention to complete the intangible asset and use or sell it.
3. It's ability to use or sell the intangible asset.
4. How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it's to be used internally.
5. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
6. It's availability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are reviewed for indications of impairment on the date of the consolidated financial statements. In addition, the useful lives of these assets are reviewed where the adjustments are made on the subsequent years.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments in an associate

Associates are entities in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The Group's investments in its associates are accounted for using the equity method.

The investments in associate are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment account in associate company and is not amortized. The consolidated statement of income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at acquisition date fair value and the amount of any non-controlling interests in the acquire.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in consolidated statement of income. It is then considered in the determination of goodwill.

The non-controlling interests in the acquiree is recorded at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the consolidated statement of income.

Goodwill is measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed which is recredited after deducting any accumulated impairment losses.

The excess of the Group's share in the fair value of the net assets acquired over the acquisition cost represents negative goodwill and recorded in the consolidated statement of comprehensive income. The Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recorded in the consolidated statement of income.

On the date of the consolidated financial statements an assessment is made to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. Such reversal is recognised in the consolidated statement of income.

The following non-financial assets has specific procedures for impairment testing:

- Goodwill: impairment test for the goodwill is performed on annual basis or when there is an indication of impairment. Losses related to goodwill impairment are not recoverable.
- Intangible assets with indefinite lives: impairment test on the intangible assets with indefinite lives are performed at minimum on an annual basis or when there is an indication of impairment.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are recorded at fair value when purchased plus acquisition costs and subsequently measured at fair value. Changes in fair value are reported as a separate component in the consolidated statement of comprehensive income and in the consolidated statement of equity including the change in fair value resulting from conversion differences of non-cash items of assets at foreign currencies. In case of sale of such assets or part of it, the gain or loss is recorded at the consolidated statement of comprehensive income and in the consolidated statement of changes in equity and the valuation reserve balance for sold assets will be transferred directly to retained earnings not through the consolidated statement of income.

These assets are not subject to impairment testing. Dividends are recognized in the consolidated statement of income.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Trade receivables

Trade receivables are stated at the original invoice amount less the provision for expected credit losses. The estimated credit losses are calculated using the simplified method of calculating the expected credit losses based on the historical experience of the credit loss taking into account the future factors of the debtors and the economic environment in accordance with the requirements of IFRS (9).

Inventories

Inventories are valued at the lower of cost and net realizable value. Costs represents all expenses incurred on each product until it reaches its current location or form as follows:

Raw materials and spare parts: purchase cost using the weighted average.

Finished goods and work in progress: cost of raw materials, direct cost and a proportion of manufacturing overheads using activity-based method.

Net realizable value represents the estimated selling price in normal circumstances after deducting the estimated cost to complete the production and to complete the sale transaction.

The Group's management prepares an annual study on the age of the inventory, and based on that, it is classified into slow-moving inventory, and a corresponding allocation is prepared in proportion to the age of this inventory from the date of purchase.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and short term deposits which have a maturity dates of three months or less net of outstanding due to banks.

Fair value

The Group measures financial instruments at fair value at the date of the consolidated financial statements and discloses the fair value of financial instruments.

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.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements, the Group determines, whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level of input that is considered essential to the fair value measurement as a whole) at the end of each reporting period.

For the disclosure of fair value, the Company classifies assets and liabilities based on their nature, financial assets and liabilities risk, and the level of fair value.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Borrowing costs

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

Loans

After initial recognition, loans are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in consolidated statement of income when the liabilities are derecognised as well as through effective interest amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest. The effective interest amortisation is included in finance costs in the consolidated statement of income.

Accounts payables and accruals

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employees' end of service indemnity

The Group provides end of service benefits for some of its employees working in some countries in conformity with the requirements in these countries. The obligation recognised in the consolidated statement of financial position concerning the benefits above represents the present value of the defined benefit obligation at the end of the reporting period.

The assumptions used to determine the costs of end of service benefits for employees include the discount rate, turnover rate, mortality rate and projected future salary increments, and any change in these assumptions will affect those provisions. The Group determines the appropriate discount rate value at the end of each year, and this discount rate should be used to determine the present value of estimated and projected future cash out flows for the settlement of the end of service liabilities.

Actuarial profit and loss resulting from settlements due to experience and changes in actuarial assumptions (remeasurement) are charged to equity within other comprehensive income items during the period in which they occur.

Income tax

Current income tax is calculated in accordance with income tax laws in Jordan and the countries where the subsidiaries operate in.

Tax expense comprises current tax and deferred taxes.

Current tax is calculated based on taxable profits, which may differ from accounting profits appearing in the consolidated financial statements. Accounting profits may include non-taxable profits or expenses which may not be tax deductible in the current but in subsequent applicable years or taxable accumulated losses or non taxable nor deductible items.

Deferred income tax is provided using the liability method on temporary differences at the consolidated financial statements date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is measured at the tax rates that are expected to apply to the year when the tax liability is settled, or the tax asset is realized.

The carrying amount of deferred income tax assets is reviewed at each consolidated financial statement date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue and expense recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right of return. The rights of return give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a contract liability.

Contract liabilities

A Contract liability is the obligation to refund some, or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Interest income is recognized using the effective interest rate method

Other revenues are recognized on accrual basis.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right of use assets are subject to impairment.

lease contracts liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if present).

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed when the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefit is possible.

Offsetting

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Foreign currencies

The consolidated financial statements are presented in Jordanian Dinars, which is the parent's functional and presentation currency. Each subsidiary determines its own functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date transaction. Monetary assets and liabilities dominated in foreign currency are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. Profit or loss resulting from transactions in foreign currencies are recorded in the consolidated statement of income.

Assets and liabilities of subsidiaries that have functional currencies different from the presentation currency of the Parent are translated at the rate of exchange ruling at the consolidated statement of financial position date. Revenues and expenses of those subsidiaries are translated using the average exchange rate for the year. All resulting exchange differences are recorded as a separate component of equity.

(3) MATERIAL ACCOUNTING POLICIES (CONTINUED)

Current versus non-current classification

The Company presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(4) USE OF ESTIMATES

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the provisions. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provisions required in the future. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Judgments, estimates and assumptions in the consolidated financial statements are detailed below:

- The provision for expected credit losses on accounts receivables is reviewed according to the simplified approach and within the principles and assumptions approved by the Group's management to estimate the provision to be formed in accordance with the requirements of international financial reporting standards.
- The Group's management periodically re-evaluates the useful lives of the property, plant and equipment for the purpose of calculating the annual depreciation based on the general condition of the asset and estimated future useful lives. The impairment loss is recognized as an expense in the consolidated statement of income.
- Income tax expense is calculated and charged for the year in accordance with laws and regulation and IFRSs. Deferred tax assets and liabilities and income tax provision is calculated accordingly.
- Certain contracts for the sale of goods include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

- The management of the Group estimates the provision for slow moving goods, and the goods are expected to expire in accordance with its internal policies.
- As per the requirements of IAS 36 intangible assets with indefinite lives are tested for impairment at each reporting period. The recoverable amount of these assets is determined based on the "Value in Use" (VIU) calculations, which require the use of assumptions. Some of the impairment indicators that management takes into consideration are changes in prices, existence of new technology that would make the production more efficient, significant decrease in produced quantities or demand, instability of the political situation of the country and others.

The calculations use cash flow projections based on financial budgets approved by the respective entity's management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with forecasts included in industry reports in which each entity of the Group's operates.

- End-of-services indemnity is calculated based on the Group's internal policies and actuarial studies.
- A provision is established against litigations where the Group is the defendant based on a legal study provided by the Group's legal advisor which will determine the risk that may occur. These studies are reviewed periodically, and the provision is adjusted accordingly.

(5) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP

The following represents financial information for the subsidiaries in which the non-controlling interests is material:

	Country of establishment	Main activity	Ownership	
			2024	2023
Nutridar – Public shareholding Company	Jordan	Industrial	9.6%	9.6%
Medi Pharma International	Algeria	Industrial	15%	15%
Al Nahda for Financial Investments	Jordan	Financial investments	60%	60%

Accumulated balance of non-controlling interests was as follows:

	2024	2023
	JD	JD
Nutridar – Public shareholding Company	897,084	833,986
Medi Pharma International	245,512	173,755
Al - Nahda for Financial Investment	(571,182)	(571,182)
Total	571,414	436,559

The share of non-controlling interests in the results of the year was as follows:

	2024	2023
	JD	JD
Nutridar – Public shareholding Company	63,220	9,361
Medi Pharma International	64,944	(75,616)
Total	128,164	(66,255)

(5) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP (CONTINUED)

Below is a summary of the financial information for the subsidiaries (before the elimination of the intercompany transactions and balances with subsidiaries) where the non-controlling interest is material:

Summarized statement of income for 2024:

	Nutridar – Public Shareholding Company JD	Medi Pharma International JD	Total JD
Net sales	15,009,291	3,149,410	18,158,701
Cost of sales	(11,571,084)	(2,248,649)	(13,819,733)
Selling and distribution expense	(1,304,826)	-	(1,304,826)
Administrative expense	(900,645)	(295,348)	(1,195,993)
Research and development expense	(75,756)	-	(75,756)
Provision for expected credit losses	(114,166)	-	(114,166)
Other income (expenses), net	12,400	(100,808)	(88,408)
Foreign currency exchange	25,230	1,568	26,798
Finance costs	(259,117)	(73,213)	(332,330)
Income tax	(162,784)	-	(162,784)
Profit for the year	658,543	432,960	1,091,503
Non-controlling interests	63,220	64,944	128,164

(5) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP (CONTINUED)

Summarized statement of income for 2023:

	Nutridar – Public Shareholding Company	Medi Pharma International	Total
	JD	JD	JD
Net sales	13,702,390	1,633,140	15,335,530
Cost of sales	(10,953,183)	(1,816,195)	(12,769,378)
Selling and distribution expense	(1,128,000)	-	(1,128,000)
Administrative expense	(787,012)	(248,565)	(1,035,577)
Research and development expense	(79,722)	-	(79,722)
Provision for expected credit losses	(249,208)	-	(249,208)
Other income (expenses), net	10,026	(36,766)	(26,740)
Foreign currency exchange ((89,349)	98,816	9,467
Finance costs	(267,076)	(132,847)	(399,923)
Income tax	(61,113)	-	(61,113)
Profit (loss) for the year	97,753	(502,417)	(404,664)
Non-controlling interests	9,361	(75,616)	(66,255)

Summarized statement of financial position as at 31 December 2024:

	Nutridar – Public Shareholding Company	Medi Pharma International	Al Nahda for Financial Investments	Total
	JD	JD	JD	JD
Current assets	10,842,225	3,221,031	95,057	14,158,313
Non-current assets	3,061,151	12,708,639	-	15,769,790
Current liabilities	(6,521,717)	(18,780,145)	(6,158)	(25,308,020)
Total equity	7,381,659	(2,850,475)	88,899	4,620,083
Attributable to:				
Shareholders of the Parent Company	6,484,575	(3,095,987)	660,081	4,048,669
Non-controlling interests	897,084	245,512	(571,182)	571,414

(5) MATERIAL PARTIALLY OWNED SUBSIDIARIES BY THE GROUP (CONTINUED)

Summarized statement of financial position as at 31 December 2023:

	Nutridar – Public Shareholding Company	Medi Pharma International	Al Nahda for Financial Investments	Total
	JD	JD	JD	JD
Current assets	10,194,678	3,164,350	95,057	13,454,085
Non-current assets	3,185,439	12,031,439	-	15,216,878
Current liabilities	(6,657,001)	(18,503,271)	(6,158)	(25,166,430)
Total equity	6,723,116	(3,307,482)	88,899	3,504,533
Attributable to:				
Shareholders of the Parent Company	5,889,130	(3,481,237)	660,081	3,067,974
Non-controlling interests	833,986	173,755	(571,182)	436,559

Summarized statement of cash flows for the year ended 31 December 2024:

	Nutridar – Public Shareholding Company	Medi Pharma International
	JD	JD
Operating activities	2,399,984	1,941,469
Investing activities	(285,952)	(1,073,043)
Financing activities	(1,180,695)	(553,044)
Net increase in cash and cash equivalents	933,337	315,382

Summarized statement of cash flows for the year ended 31 December 2023:

	Nutridar – Public Shareholding Company	Medi Pharma International
	JD	JD
Operating activities	(1,422,911)	(1,456,084)
Investing activities	(217,173)	(377,723)
Financing activities	934,465	(961,324)
Net decrease in cash and cash equivalents	(705,619)	(2,795,131)

DAR AL DAWA DEVELOPMENT AND INVESTMENT COMPANY
PUBLIC SHAREHOLDING COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2024

(6) PROPERTY, PLANT AND EQUIPMENT

	Land*	Buildings	Tools machinery and equipment	Vehicles	Computers	Furniture and office equipment	Total
2024 -	JD	JD	JD	JD	JD	JD	JD
Cost-							
As at 1 January 2024	2,294,772	28,000,465	47,295,089	1,851,316	2,685,160	3,441,035	85,567,837
Additions	19,850	703,475	2,684,971	40,002	133,617	119,510	3,701,425
Transferred from project in progress (Note 7)	-	354,703	235,974	-	-	-	590,677
Foreign currency translation differences	(5,916)	(97,444)	(54,024)	(1,172)	(1,761)	(4,093)	(164,410)
As at 31 December 2024	<u>2,308,706</u>	<u>28,961,199</u>	<u>50,162,010</u>	<u>1,890,146</u>	<u>2,817,016</u>	<u>3,556,452</u>	<u>89,695,529</u>
Accumulated Depreciation -							
As at 1 January 2024	-	11,360,567	36,365,690	1,704,380	2,478,151	3,141,943	55,050,731
Depreciation charge for the year	-	641,186	2,441,961	45,099	99,126	389,538	3,616,910
Foreign currency translation differences	-	(17,877)	(20,964)	(981)	(434)	(2,394)	(42,650)
As at 31 December 2024	<u>-</u>	<u>11,983,876</u>	<u>38,786,687</u>	<u>1,748,498</u>	<u>2,576,843</u>	<u>3,529,087</u>	<u>58,624,991</u>
Net book value -							
As at 31 December 2024	<u>2,308,706</u>	<u>16,977,323</u>	<u>11,375,323</u>	<u>141,648</u>	<u>240,173</u>	<u>27,365</u>	<u>31,070,538</u>

Depreciation expense was allocated in the consolidated statement of income as follow:

	2024 JD	2023 JD
Cost of sales (Note 22)	3,115,790	2,927,686
Research and development expenses (Note 25)	173,976	169,323
Selling and distribution expenses (Note 23)	167,500	148,812
Administrative expenses (Note 24)	159,644	150,992
	<u>3,616,910</u>	<u>3,396,813</u>

*The Group's subsidiary (Medi Pharma – Algeria) mortgaged the plant's land that has a carrying value of JD 456,419 against a bank loan granted from Societe Generale Bank.

Fully depreciated property, plant and equipment amounted to JD 32,983,377 as of 31 December 2024 (2023: JD 32,138,800).

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(6) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land*	Buildings	Tools machinery and equipment	Vehicles	Computers	Furniture and office equipment	Total
2023 -	JD	JD	JD	JD	JD	JD	JD
Cost-							
As at 1 January 2023	2,282,374	27,508,938	45,799,001	2,477,034	2,563,500	3,281,390	83,912,237
Additions	-	295,194	1,418,022	52,443	118,886	152,034	2,036,579
Disposals	-	-	-	(680,618)	-	-	(680,618)
Foreign currency translation differences	12,398	196,333	78,066	2,457	2,774	7,611	299,639
As at 31 December 2023	<u>2,294,772</u>	<u>28,000,465</u>	<u>47,295,089</u>	<u>1,851,316</u>	<u>2,685,160</u>	<u>3,441,035</u>	<u>85,567,837</u>
Accumulated Depreciation -							
As at 1 January 2023	-	10,661,935	34,028,172	2,294,967	2,395,851	2,838,348	52,219,273
Deprecation charge for the year	-	683,173	2,302,655	41,182	82,192	287,611	3,396,813
Disposals	-	-	-	(634,630)	-	-	(634,630)
Foreign currency translation differences	-	15,459	34,863	2,861	108	15,984	69,275
As at 31 December 2023	<u>-</u>	<u>11,360,567</u>	<u>36,365,690</u>	<u>1,704,380</u>	<u>2,478,151</u>	<u>3,141,943</u>	<u>55,050,731</u>
Net book value -							
As at 31 December 2023	<u>2,294,772</u>	<u>16,639,898</u>	<u>10,929,399</u>	<u>146,936</u>	<u>207,009</u>	<u>299,092</u>	<u>30,517,106</u>

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(7) PROJECTS IN PROGRESS

Movement on projects in progress was as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
As at 1 January	650,815	608,380
Additions	264,570	28,644
Transferred to property, plant and equipment (Note 6)	(590,677)	-
Foreign currency translation differences	(409)	13,791
As at 31 December	<u>324,299</u>	<u>650,815</u>

This item mainly represents the cost of machinery under preparation and testing, which will be used in the development of pharmaceutical production project prior to being placed into service at the Jordan plant, following the receipt of the necessary approvals from the Jordanian Food and Drugs Administration. The project is expected to be completed during the year 2025.

(8) INTANGIBLE ASSETS

Intangible assets in the consolidated statement of financial position represents the following:

	Goodwill*	Trademark*	Franchise*	Registered medical files	Medical development expenses	Total
2024 -	JD	JD	JD	JD	JD	JD
Cost-						
As at 1 January 2024	56,824	2,174,003	1,618,592	949,654	-	4,799,073
Additions	-	-	-	318,092	160,624	478,716
Foreign currency translation differences	-	-	(1,156)	-	-	(1,156)
As at 31 December 2024	<u>56,824</u>	<u>2,174,003</u>	<u>1,617,436</u>	<u>1,267,746</u>	<u>160,624</u>	<u>5,276,633</u>
Accumulated Amortization-						
As at 1 January 2024	-	-	-	463,758	-	463,758
Amortization charge for the year	-	-	-	241,022	-	241,022
As at 31 December 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>704,780</u>	<u>-</u>	<u>704,780</u>
Net book value -						
As at 31 December 2024	<u>56,824</u>	<u>2,174,003</u>	<u>1,617,436</u>	<u>562,966</u>	<u>160,624</u>	<u>4,571,853</u>

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	Goodwill*	Trademark*	Franchise**	Registered medical files	Medical development expenses	Total
2023 -	JD	JD	JD	JD	JD	JD
Cost-						
As at 1 January 2023	56,824	2,174,003	1,525,469	742,846	-	4,499,142
Additions	-	-	-	206,808	-	206,808
Foreign currency translation differences	-	-	93,123	-	-	93,123
As at 31 December 2023	<u>56,824</u>	<u>2,174,003</u>	<u>1,618,592</u>	<u>949,654</u>	<u>-</u>	<u>4,799,073</u>
Accumulated Amortization-						
As at 1 January 2023	-	-	-	351,800	-	351,800
Amortization charge for the year	-	-	-	111,958	-	111,958
As at 31 December 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,758</u>	<u>-</u>	<u>463,758</u>
Net book value -						
As at 31 December 2023	<u>56,824</u>	<u>2,174,003</u>	<u>1,618,592</u>	<u>485,896</u>	<u>-</u>	<u>4,335,315</u>

* The goodwill and trademark were initially resulted from the price allocation of the acquisition of Nutridar Public Shareholding Company. The Group's management believes that the useful life of the trademark is indefinite. The Group's management performs an impairment testing for the goodwill and the trademark annually or when there is an indication of impairment.

** The franchise resulted from the contract signed with the Group's partner in Medi Pharma International – Algeria which allows him to acquire 15% of the Company's capital which is funded by Al Dar Jordan for Investment Limited Liability Company (a subsidiary).

On 31 December 2024, management performed an impairment test on the above intangibles. The recoverable amount has been determined based on a value in use through using cash flow projections for the sector and based on the 2025 financial budget approved by management. Cash flow projections beyond 2025 are estimated using a 2.6% growth rate and a discount rate of 14.3% to calculate the value in use.

As a result of the impairment test, no impairment loss was recorded.

The calculation of recoverable amount is most sensitive to the following assumptions:

- Gross margin
- Discount rate
- Growth rate used to estimate cash flows

(9) INVESTMENT IN AN ASSOCIATE

	<u>Main activity</u>	<u>Country of establishment</u>	<u>Ownership %</u>	<u>2024 JD</u>	<u>2023 JD</u>
Dar Al Dawa Veterinary Industries Company – Limited Liability Company	Industrial	Jordan	33.64	<u>1,961,043</u>	<u>1,850,088</u>

Movement on investment in associate was as follows:

	<u>2024 JD</u>	<u>2023 JD</u>
As at 1 January	1,850,088	2,036,049
Group's share of results from an associate	110,955	(135,499)
Dividends from an associate	-	(50,462)
As at 31 December	<u>1,961,043</u>	<u>1,850,088</u>

The Group's share of associate's assets and liabilities are as follows:

	<u>Dar Al Dawa Veterinary Industries Company</u>	
	<u>2024 JD</u>	<u>2023 JD</u>
Current assets	4,676,098	4,791,630
Non- current assets	2,126,413	1,885,535
Current liabilities	(973,013)	(1,177,498)
Total equity	<u>5,829,498</u>	<u>5,499,667</u>
Group's ownership percentage	33.64%	33.64%
Investment carrying value	<u>1,961,043</u>	<u>1,850,088</u>

(9) INVESTMENT IN AN ASSOCIATE (CONTINUED)

The Group's share of associate's results is as follows:

	Dar Al Dawa Veterinary Industries Company	
	2024	2023
	JD	JD
Net sales	4,955,734	3,943,394
Cost of sales	(3,621,209)	(3,120,283)
Other expenses, net	(960,221)	(1,225,902)
Profit (loss) for the year before Income tax	374,304	(402,791)
Income tax	(44,473)	-
Profit (loss) for the year	329,831	(402,791)
Group's share of results from an associate	110,955	(135,499)

(10) INVENTORIES

	2024	2023
	JD	JD
Raw materials	14,045,400	9,797,761
Finished goods	7,471,651	5,789,321
Work in progress	3,170,196	4,694,801
Laboratory materials	1,160,123	609,288
Spare parts	450,474	412,630
Goods in transit	368,108	181,162
Others	147,678	41,372
	26,813,630	21,526,335
Provision for expired and near expiry goods	(1,033,446)	(1,976,885)
	25,780,184	19,549,450

Movement on the provision for expired and near expiry goods is as follows:

	2024	2023
	JD	JD
As at 1 January	1,976,885	1,959,445
Charge for the year (Note 26)	1,156,147	895,035
Inventories written-off during the year	(2,103,621)	(866,352)
Foreign currency translation differences	4,035	(11,243)
As at 31 December	1,033,446	1,976,885

(11) TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	<u>2024</u>	<u>2023</u>
	JD	JD
Trade receivables*	34,474,925	27,216,524
Checks under collection	6,778,790	7,479,830
Due from Income and Sales Tax Department	1,744,017	1,042,752
Refundable deposits	1,323,827	1,146,456
Advances to supplier	1,120,559	2,545,075
Prepaid expenses	598,877	1,003,853
Staff receivables	216,768	189,905
Others	725,455	733,863
Less: provision for expected credit losses	<u>(8,983,913)</u>	<u>(8,909,804)</u>
	<u>37,999,305</u>	<u>32,448,454</u>

Details of trade receivables was as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Local trade receivables	14,004,417	11,686,662
Foreign trade receivables	<u>20,470,508</u>	<u>15,529,862</u>
	34,474,925	27,216,524
Provision for expected credit losses	<u>(8,983,913)</u>	<u>(8,909,804)</u>
	<u>25,491,012</u>	<u>18,306,720</u>

Movement on the provision for expected credit losses was as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Balance as at 1 January	8,909,804	8,513,195
Provision for the year	449,968	422,481
Amounts written off	(364,720)	(29,238)
Foreign currency translation differences	<u>(11,139)</u>	<u>3,366</u>
Balance as at 31 December	<u>8,983,913</u>	<u>8,909,804</u>

(11) TRADE RECEIVABLES AND OTHER CURRENT ASSETS (CONTINUED)

The aging of trade receivables as at 31 December as follows:

	Not due receivables	1 – 90 days	91 – 180 days	181 – 270 days	More than 271 days	Total
	JD	JD	JD	JD	JD	JD
2024:						
Percentage of expected credit losses	1%	1.6%	17.6%	33.7%	73.1%	26%
Total receivables	16,673,068	3,477,005	2,512,088	824,233	10,988,531	34,474,925
Provision of expected credit losses	(174,983)	(55,716)	(442,791)	(277,358)	(8,033,065)	(8,983,913)
Net receivables	<u>16,498,085</u>	<u>3,421,289</u>	<u>2,069,297</u>	<u>546,875</u>	<u>2,955,466</u>	<u>25,491,012</u>
2023:						
Percentage of expected credit losses	1.3%	2%	22%	42%	91%	33%
Total receivables	13,071,339	2,762,795	1,996,081	654,928	8,731,381	27,216,524
Provision of expected credit losses	(173,540)	(55,256)	(439,138)	(275,070)	(7,966,800)	(8,909,804)
Net receivables	<u>12,897,799</u>	<u>2,707,539</u>	<u>1,556,943</u>	<u>379,858</u>	<u>764,581</u>	<u>18,306,720</u>

Trade receivables payment terms are due within maximum of 180 days for local and foreign sales.

Some of the receivables are covered by letters of credit in which the Group is the beneficiary, the Group does not obtain any guarantees against the rest of the receivables and therefore they are not guaranteed.

(12) CASH AND BANK BALANCES

	<u>2024</u>	<u>2023</u>
	JD	JD
Cash on hand	132,169	124,927
Bank balances	4,414,992	2,199,683
Short-term deposits*	<u>11,028,355</u>	<u>10,318,465</u>
	<u>15,575,516</u>	<u>12,643,075</u>

*This item represents deposits with Arab Bank and Arab Banking Corporation Bank, the average interest rate on these deposits during 2024 was 5.75% - 6.25% per annum (31 December 2023: 6% - 6.5%).

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Cash and bank balances	15,575,516	12,643,075
Cash and bank balances – subsidiaries under liquidation (Note 31)	95,057	95,057
Due to banks (Note 16)	<u>(17,217,093)</u>	<u>(16,017,495)</u>
	<u>(1,546,520)</u>	<u>(3,279,363)</u>

(13) EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY

Paid in capital -

The Company's authorized and subscribed capital is JD 35,000,000 with a par value of JD 1 per share as at 31 December 2024.

Statutory reserve -

The accumulated amounts of JD 10,000,000 as of 31 December 2024 represents 10% of the annual net profit before income tax transferred during the years in accordance with the Companies Law, and it is not distributable to shareholders. The Group may stop transferring amounts to the statutory reserve when the reserve balance reaches 25% of the authorized capital, but it is permissible, with the approval of the Company's General Assembly, to continue deducting this annual percentage until this reserve reaches the equivalent of the Company's authorized capital.

Voluntary reserve -

The accumulated amounts in this balance represent the annual net profit before income tax transferred by no more than 20% during the years, and is distributable to shareholders.

Special reserve -

The accumulated amounts in this balance represent the annual net profit before income tax transferred by no more than 5% during the years, and it is distributable to shareholders, the special reserve is to be used for the purposes determined by the Board of Directors.

Other reserves -

The accumulated amounts of JD 309,465 in this account represent actuarial gains resulting from the revaluation of defined benefit plans through other comprehensive income from prior years.

Foreign currency translation differences -

The accumulated amounts of JD 8,033,785 in this account represent the foreign currency differences resulting from the translation of the financial statements of foreign subsidiaries.

Dividends distribution –

2023 -

In its ordinary meeting held on 27 April 2023, the General Assembly approved the distribution of cash dividends to shareholders with a percentage of 5% of the nominal value of the share for 2022, amounting to JD 1,750,000.

(14) PROVISION FOR END OF SERVICE INDEMNITY

Movement on the provision for end of service indemnity was as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
As at 1 January	494,912	371,235
Charge on the consolidated statement of income	183,736	139,267
Actuarial (gain) loss resulting from the reassessment of defined benefit plans	(105,270)	42,501
Amounts paid during the year	(105,904)	(58,091)
As at 31 December	<u>467,474</u>	<u>494,912</u>

The principal actuarial assumptions used to determine the end-of-service indemnity provision for employee was as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Discount rate	4.5%	4.5%
Resignation rate	8%	7.6%
Annual increase in salaries rate	4.2%	4.8%

The following schedule illustrates the possible changes in the current end-of-service indemnity value as of 31 December, due to changes by 1% in the discount rate and the salaries increase rate:

<u>Increase by 1% in the rate</u>	<u>Effect on the current value of the employees' end of service indemnity provision</u>	
	<u>2024</u>	<u>2023</u>
	JD	JD
Discount	(39,150)	(65,064)
Salaries	27,259	10,279
<u>Decrease by 1% in the rate</u>	<u>Effect on the current value of the employees' end of service indemnity provision</u>	
	<u>2024</u>	<u>2023</u>
	JD	JD
Discount	24,379	8,068
Salaries	(42,151)	(67,592)

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(15) BANK LOANS

			2024			2023		
			Loans installment			Loans installment		
			Long-term			Long-term		
Company name	Currency	Short-term	term	Total	Short-term	term	Total	
		JD	JD	JD	JD	JD	JD	
Société Générale Bank	Medi Pharma	Algerian						
	International	Dinar	78,393	-	78,393	552,177	79,260	631,437
Arab Bank (1)	Dar Al Dawa Jordan	US Dollar	-	-	-	653,698	-	653,698
Arab Bank (2)	Dar Al Dawa Jordan	Jordanian						
		Dinar	-	-	-	1,114,985	-	1,114,985
Arab Bank (3)	Dar Al Dawa Jordan	Jordanian						
		Dinar	672,000	-	672,000	-	-	-
Arab Bank (4)	Dar Al Dawa Jordan	Jordanian						
		Dinar	345,000	-	345,000	-	-	-
Housing Bank (1)	Dar Al Dawa Jordan	US Dollar	222,825	-	222,825	-	-	-
Housing Bank (2)	Dar Al Dawa Jordan	Jordanian						
		Dinar	451,726	-	451,726	-	-	-
			1,769,944	-	1,769,944	2,320,860	79,260	2,400,120

Societe Generale Bank –

The Group's subsidiary, Medi Pharma International – Algeria, signed a loan agreement during 2017 with Societe Generale Bank – Algeria with a ceiling of DZD 845,000,000. The ceiling was increased during 2018 by DZD 100,000,000 to become DZD 945,000,000, equivalent to JD 4,938,759, to finance the construction of Medi Pharma plant in Algeria. The loan will be repaid in 26 equal quarterly installments. The first installment was due on 31 December 2018 and the last installment is due on 30 March 2025. The Company mortgaged the plant of Medi Pharma – Algeria in favor of the Bank.

Arab Bank (1)

The Company signed a loan agreement during 2019 with Arab Bank with a ceiling of USD 4,900,000, equivalent to JD 3,474,100, to finance the purchase of machinery and equipment. The loan will be repaid in equal quarterly installments amounting to USD 306,000. The first installment was due on 23 February 2020 and the last installment was due on 4 November 2023. The loan was rescheduled during 2020, and the last installment was due on 31 July 2024. The loan was fully settled during 2024.

(15) BANK LOANS (CONTINUED)

Arab Bank (2)

The Company signed a loan agreement during 2022 with Arab Bank with a ceiling of JD 1,500,000 to finance payroll expenses, social security, sales tax, and other operating expenses. The loan was repaid in equal monthly installments amounting to JD 62,500, except for the last installment which amounted to JD 52,485. The first installment was due on 1 January 2023 and the last installment was due on 1 December 2024. The loan was fully settled during 2024.

Arab Bank (3)

The Company signed a loan agreement during 2024 with Arab Bank with a ceiling of JD 2,000,000 to finance payroll expenses, social security, sales tax, and other operating expenses. The Company utilized the entire ceiling during 2024. The loan will be repaid in monthly installments amounting to JD 166,000, except for the last installment amounting to JD 174,000. The first installment was due on 31 May 2024 and the last installment is due on 30 April 2025.

Arab Bank (4)

The Company signed a loan agreement during 2024 with Arab Bank with a ceiling of JD 1,250,000 to finance payroll expenses, social security, sales tax, and other operating expenses. The Company utilized the full ceiling during 2024. The loan will be repaid in monthly installments amounting to JD 100,000, except for the first installment which amounted to JD 105,000 and the last installment amounting to JD 145,000. The first installment was due on 30 April 2024 and the last installment is due on 30 March 2025.

Housing Bank (1)

The Company signed a loan agreement during 2024 with Housing Bank with a ceiling of USD 2,179,125, equivalent to JD 1,545,000, to finance the purchase of machinery and equipment. The Company utilized an amount of USD 687,034, equivalent to JD 487,107, from the approved ceiling. The loan will be repaid in quarterly installments amounting to USD 111,830, except for the first installment which amounted to USD 261,373. The first installment was due on 1 September 2024 and the last installment from the utilized amount is due on 1 December 2025.

Housing Bank (2)

The Company signed a loan agreement during 2024 with Housing Bank with a ceiling of JD 2,000,000 to finance the purchase of machinery and equipment. The Company utilized an amount of JD 569,409 from the approved ceiling. The loan will be repaid in quarterly installments amounting to JD 117,647. The first installment was due on 1 December 2024 and the last installment from the utilized amount is due on 1 December 2025.

* The interest rate on bank loans ranges between 3.5% - 8.1% (31 December 2023: 3.5% - 8.4%).

(16) DUE TO BANKS

This item represents bank overdrafts facilities granted to the Group, by several banks with a ceiling of JD 23,178,086 and an average interest rate of 5.5% - 8.25% (2023: ceiling of JD 21,181,086 and an average interest rate of 5.75% - 8.5%).

(17) REVOLVING LOANS:

			31 December 2024		31 December 2023	
Company name	Currency		Utilized		Utilized	
			Ceiling	amount	Ceiling	amount
			JD	JD	JD	JD
Arab Bank	Dar Al Dawa Jordan	USD	12,053,000	12,045,617	9,926,000	7,778,441
Housing Bank	Dar Al Dawa Jordan	USD	7,799,000	7,718,051	5,672,000	5,471,353
Arab Banking Corporation	Dar Al Dawa Jordan	USD	3,261,400	3,234,184	3,261,400	2,533,966
Arab Banking Corporation	Nutridar	USD	3,013,250	2,334,003	3,013,250	2,355,783
Arab Jordan Investment Bank	Dar Al Dawa Jordan	USD	2,836,000	1,358,907	2,836,000	1,468,339
Arab Bank	Nutridar	USD	1,063,500	-	1,063,500	899,799
			<u>30,026,150</u>	<u>26,690,762</u>	<u>25,772,150</u>	<u>20,507,681</u>

* The interest rate on revolving loans ranges between 7.1% - 7.4% (31 December 2023: 7.3% - 7.6%).

(18) INCOME TAX PROVISION

The Company calculated the income tax for the results of operations for the years ended 31 December 2024 and 2023 in accordance with income tax law No. (34) of 2014 and its amendments.

Dar Al Dawa Development and Investment Company - Parent Company

The Company submitted its tax declarations for the years 2021, 2022 and 2023. The Income and Sales Tax Department did not review the Company's records up until the date of the consolidated financial statements.

The Company obtained a final clearance from the Income and Sales Tax Department until 2020 except for the year 2017 where the Income and Sales Tax Department reviewed the Company's records for the year 2017, as the amount of accumulated losses was not approved by the Company in the amount of JD 960,547, where the Company's management requests the approval of the amount of accumulated losses of JD 2,565,426, and the Company has filed a lawsuit for objection with the Tax Court of First Instance and the objection case decision was not issued by the Tax Court of First Instance until the date of the consolidated financial statements.

The Income and Sales Tax Department approved the amount of accumulated losses accepted for tax purposes for the years 2019 and 2020 with a total amount of JD 4,000,000 during 2023.

(18) INCOME TAX PROVISION (CONTINUED)

Nutridar Public Shareholding Company

The Company submitted its tax declarations for the years 2018 until 2023, and the Income and Sales Tax Department did not review the Company's records until the date of the consolidated financial statements.

The Company obtained a final clearance from the Income and Sales Tax Department up to 2017.

Al Dar Jordan for Investment

The Company submitted its tax declarations for the years 2019 until 2023, and the Income and Sales Tax Department did not review the Company's records until the date of the consolidated financial statements.

The Company obtained a final clearance from the Income and Sales Tax Department up to 2018.

Dar al Dawa – Romania

The Company submitted its tax declaration for the years 2022 and 2023, and the Tax Authority in Romania did not review the Company's records until the date of the consolidated financial statements.

The Company obtained a final clearance from the Tax Authority up to 2021.

Dar al Dawa Algeria

The Company submitted its tax declaration for the years from 2021 to 2023, and the Directorate General of Taxes did not review the Company's records until the date of the consolidated financial statements.

During the years from 2021 to 2023, the Company recorded a provision in the amount of JD 200,000 to cover potential risks for the years from 2021 until 2024. In the opinion of the Company's management and its legal counsel, the provision taken is sufficient to meet the liabilities that may arise from such claims.

The Company obtained a final tax clearance from the Directorate General of Taxes in Algeria until 2020.

(18) INCOME TAX PROVISION (CONTINUED)

The income tax for the year shown in the consolidated statement of income consists of the following:

	<u>2024</u>	<u>2023</u>
	JD	JD
Income tax for the year	399,737	-
Prior years Income tax	31,419	21,226
Change in deferred tax assets	<u>(38,023)</u>	<u>(532,966)</u>
	<u>393,133</u>	<u>(511,740)</u>

The movement on the income tax provision is as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Balances as at the beginning of the year	347,302	500,281
Income tax for the year	399,737	-
Prior years Income tax	31,419	21,226
Paid during the year	<u>(37,606)</u>	<u>(174,205)</u>
Balances as at the end of the year	<u>740,852</u>	<u>347,302</u>

Deferred tax assets

The deferred tax assets recorded in the consolidated statement of financial position were as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Deferred tax assets resulting from accumulated losses of Nutridar	337,024	499,808
Deferred tax assets resulting from accumulated losses of the Parent Company	-	360,070
Deferred tax assets resulting from temporary tax differences	<u>1,853,037</u>	<u>1,292,160</u>
	<u>2,190,061</u>	<u>2,152,038</u>

The movement on deferred tax assets was as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Balances as at the beginning of the year	2,152,038	1,619,072
Additions during the year	560,877	912,401
Less: Amount utilized during the year	<u>(522,854)</u>	<u>(379,435)</u>
Balances as at the end of the year	<u>2,190,061</u>	<u>2,152,038</u>

(18) INCOME TAX PROVISION (CONTINUED)

The summary the reconciliation between the accounting profit and taxable profit:

	<u>2024</u>	<u>2023</u>
	JD	JD
Accounting profit before income tax	4,106,683	2,583,394
Statutory income tax 21% (2023: 19%)	862,403	490,845
Non-taxable revenues	(10,770)	(148,044)
Non-deductible expenses	70,958	36,634
Prior years Income tax	31,419	21,226
Deferred tax assets resulting from temporary tax differences	(560,877)	(613,444)
Deferred tax assets resulting from accumulated losses	-	(298,957)
Effective income tax 9.6% (2023: 0%)	<u>393,133</u>	<u>(511,740)</u>

(19) TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	<u>2024</u>	<u>2023</u>
	JD	JD
Trade payables	9,904,198	9,610,670
Advances from customers	8,560,033	5,435,523
Accrued expenses	2,484,751	1,814,688
Due to shareholders	881,263	1,100,883
Board of directors' remunerations and transportation	66,532	104,154
Due to social security	63,841	56,125
Others	701,434	639,487
	<u>22,662,052</u>	<u>18,761,530</u>

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(20) OTHER PROVISIONS

Item	Balances as at 1 January 2024 JD	Additions JD	Utilized/paid/ reversed JD	Balances as at 31 December 2024 JD
Provision for bonus and returned goods*	2,454,434	4,454,068	(3,679,570)	3,228,932
Employees' bonus provision	1,208,633	686,104	(1,208,633)	686,104
Provision for employees' vacations	269,555	1,142,016	(1,013,751)	397,820
Provision for contingent legal cases	131,918	-	(48,000)	83,918
Provision for contingent tax liabilities	231,675	-	(183,675)	48,000
	<u>4,296,215</u>	<u>6,282,188</u>	<u>(6,133,629)</u>	<u>4,444,774</u>

Item	Balances as at 1 January 2023 JD	Additions JD	Utilized/paid/ reversed JD	Balances as at 31 December 2023 JD
Provision for bonus and returned goods*	3,131,482	3,150,935	(3,827,983)	2,454,434
Employees' bonus provision	1,326,209	2,042,159	(2,159,735)	1,208,633
Provision for employees' vacations	183,414	230,657	(144,516)	269,555
Provision for contingent legal cases	156,918	-	(25,000)	131,918
Provision for contingent tax liabilities	231,675	-	-	231,675
	<u>5,029,698</u>	<u>5,423,751</u>	<u>(6,157,234)</u>	<u>4,296,215</u>

* This item represents the right of returns which resulted from the adoption of IFRS (15).

(21) SEGMENT INFORMATION

For management purposes, the Group is organized based on the reports which are used by the Chief Executive Officer and the Decision Maker of the Group through the geographical distribution of revenues and the geographical distribution of assets and liabilities. The geographical distribution of revenues, cost of revenues, gross profit and type of sold items was as follows:

**For the year ended
31 December 2024:**

	Levant	Gulf and Yemen	Africa	Europe and Asia	Total
	JD	JD	JD	JD	JD
Net sales	40,496,413	22,751,100	17,919,898	12,762	81,180,173
Cost of sales	(23,966,379)	(12,627,877)	(11,256,285)	(5,963)	(47,856,504)
Gross profit	<u>16,530,034</u>	<u>10,123,223</u>	<u>6,663,613</u>	<u>6,799</u>	<u>33,323,669</u>

	Medicine	Infants' cereals and milk formula	Elimination entries	Total
	JD	JD	JD	JD
Net sales	74,962,777	15,013,451	(8,796,055)	81,180,173
Cost of sales	(45,795,460)	(11,451,862)	9,390,818	(47,856,504)
Gross profit	<u>29,167,317</u>	<u>3,561,589</u>	<u>594,763</u>	<u>33,323,669</u>

**For the year ended
31 December 2023:**

	Levant	Gulf and Yemen	Africa	Europe and Asia	Total
	JD	JD	JD	JD	JD
Net sales	36,509,656	23,728,946	14,410,046	230,227	74,878,875
Cost of sales	(21,839,714)	(14,080,505)	(9,431,308)	(163,237)	(45,514,764)
Gross profit	<u>14,669,942</u>	<u>9,648,441</u>	<u>4,978,738</u>	<u>66,990</u>	<u>29,364,111</u>

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(21) SEGMENT INFORMATION (CONTINUED)

	Medicine	Infants' cereals and milk formula	Elimination entries	Total
	JD	JD	JD	JD
Net sales	67,174,124	13,702,390	(5,997,639)	74,878,875
Cost of sales	(41,904,992)	(10,953,183)	7,343,411	(45,514,764)
Gross profit	<u>25,269,132</u>	<u>2,749,207</u>	<u>1,345,772</u>	<u>29,364,111</u>

The geographical distribution of assets, liabilities and other information was as follows:

As at 31 December 2024

	Jordan	Algeria	Tunisia	Romania	Elimination entries	Total
	JD	JD	JD	JD	JD	JD
Total assets	115,945,190	43,826,234	22,264	573,054	(36,205,826)	124,160,916
Total liabilities	59,072,909	23,532,533	1,744	3,555	(8,151,776)	74,458,965
Other information:						
Depreciation	(3,058,721)	(558,189)	-	-	-	(3,616,910)
Finance costs	(2,950,196)	(998,399)	-	-	-	(3,948,595)
Provision for expected credit losses	(437,584)	(12,384)	-	-	-	(449,968)
Group's share of results from an associate	110,955	-	-	-	-	110,955

As at 31 December 2023

	Jordan	Algeria	Tunisia	Romania	Elimination entries	Total
	JD	JD	JD	JD	JD	JD
Total assets	111,525,832	34,502,198	22,264	573,054	(37,369,661)	109,253,687
Total liabilities	47,079,348	23,892,600	1,744	3,555	(7,970,877)	63,006,370
Other information:						
Depreciation	(2,895,465)	(501,348)	-	-	-	(3,396,813)
Finance costs	(3,007,581)	(817,880)	-	-	-	(3,825,461)
Provision for expected credit losses	(417,724)	(4,757)	-	-	-	(422,481)
Group's share of results from an associate	(135,499)	-	-	-	-	(135,499)

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(22) COST OF SALES

	<u>2024</u>	<u>2023</u>
	JD	JD
Raw material and packaging	25,713,080	24,715,842
Depreciation (Note 6)	3,115,790	2,927,686
Industrial expenses	19,027,634	17,871,236
	<u>47,856,504</u>	<u>45,514,764</u>

(23) SELLING AND DISTRIBUTION EXPENSES

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries and employees' benefits	8,418,609	8,267,080
Advertising and promotions	4,625,473	3,141,883
Governmental fees	754,264	724,964
Travel and transportation	832,296	692,091
Office expenses	681,523	489,651
Free samples	432,715	477,254
Professional fees	232,002	362,709
Depreciation (Note 6)	167,500	148,812
Others	603,699	580,751
	<u>16,748,081</u>	<u>14,885,195</u>

(24) ADMINISTRATIVE EXPENSES

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries and employees' benefits	4,292,937	3,519,939
Office expenses	580,640	358,936
Professional fees	426,288	306,358
Governmental fees	216,020	177,599
Depreciation (Note 6)	159,644	150,992
Travel and transportation	144,538	135,844
Right of use depreciation (Note 32)	216,437	52,509
Others	523,383	561,731
	<u>6,559,887</u>	<u>5,263,908</u>

(25) RESEARCH AND DEVELOPMENT EXPENSES

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries and employees' benefits	703,885	647,703
Laboratory materials, research and studies	81,957	334,608
Depreciation (Note 6)	173,976	169,323
Office expenses	77,894	83,607
Travel and transportation	5,670	5,766
Others	14,074	24,399
	<u>1,057,456</u>	<u>1,265,406</u>

(26) OTHER EXPENSES, NET

	<u>2024</u>	<u>2023</u>
	JD	JD
Other industrial services	5,445	167,898
Gain from derecognition of lease contracts liabilities	-	117,445
Gain on sale of property, plant and equipment	-	89,507
Net sales of raw materials and packaging	8,750	50,511
Provision for expired and near expiry goods (Note 10)	(1,156,147)	(895,035)
Others	147,083	109,537
	<u>(994,869)</u>	<u>(360,137)</u>

(27) BASIC AND DILUTED EARNINGS PER SHARE FROM THE PROFIT FOR THE YEAR

	<u>2024</u>	<u>2023</u>
Profit for the year attributable to equity holders of the parent (JD)	3,585,386	3,161,389
Weighted average number of outstanding shares during the year (share)	<u>35,000,000</u>	<u>35,000,000</u>
	<u>JD/Fils</u>	<u>JD/Fils</u>
Basic and diluted earnings per share from profit of the year	<u>0/102</u>	<u>0/090</u>

(28) CONTINGENT LIABILITIES

As of the date of the consolidated financial statements, the Group has contingent liabilities as follows:

Contingent liabilities:	<u>2024</u> JD	<u>2023</u> JD
Bank guarantees	16,463,548	14,257,699
Bills for collection	2,521,037	1,598,704
Government-guaranteed loans*	761,352	1,116,338
Letters of credit	762,362	309,479

The cash margins against the contingent liabilities above amounted to JD 1,323,827 as of 31 December 2024 (2023: JD 1,146,456).

* As a part of the mechanism approved by the Cabinet of Ministers of Jordan to repay the debts of Joint Procurement Department (Governmental body) to various pharmaceutical companies, an agreement was signed between the Company and Bank al Etihad during 2023 to obtain loan facilities by an amount of JD 978,881 to cover accounts receivable from the Government of the Hashemite Kingdom of Jordan. The Ministry of Finance has agreed to repay the principal instalments and interests of the granted loan.

(29) LEGAL CLAIMS

There are lawsuits filed against the Group in the amount of JD 5,345,989 as of 31 December 2024 (31 December 2023: JD 5,665,989) within the normal activity of the Group. The Group's management and its legal advisor believe that the provision provided against these claims amounting to JD 83,918 as of 31 December 2024 (31 December 2023: JD 131,918) is sufficient to meet any obligations that may arise and there is no need to book an additional provision.

(30) RELATED PARTY TRANSACTIONS

Related parties represent major shareholders, associate company, board of directors and entities which they are principal shareholders. Pricing policies and terms of the transactions are approved by the Group's management.

Balances with related parties as shown in the consolidated statement of financial position as follows:

	<u>2024</u>	<u>2023</u>
	JD	JD
Amounts due from related parties:		
Zakaria Hawash (Partner in Medi Pharma International)	1,879,005	1,879,005
Al Mufeed Trading – United Arab Emirates (Company owned by a board member)	126,359	721,468
Dar Al Dawa Veterinary Industries Limited Liability Company (Associate company)	118,993	176,948
	<u>2,124,357</u>	<u>2,777,421</u>

Advance payments from customers:

	<u>2024</u>	<u>2023</u>
	JD	JD
Dara Group for Health (Company Owned by a shareholder with a significant influence)	<u>8,244,223</u>	<u>4,971,370</u>

Transactions with related parties included in the consolidated statement of income are as follow:

	<u>2024</u>	<u>2023</u>
	JD	JD
Sales to agents - Dara Group for Health (Company owned by a shareholder with a significant influence)	<u>14,105,469</u>	<u>11,759,474</u>
Sales to agents - Al Mufeed Trading (Company owned by a Board Member)	<u>6,339,774</u>	<u>5,349,405</u>
Service revenue - Dar Al Dawa Veterinary Industries Limited Liability Company (Associate company)	<u>4,800</u>	<u>4,800</u>
Transportation and remunerations of Board of Directors	<u>119,800</u>	<u>117,986</u>

(30) RELATED PARTY TRANSACTIONS (CONTINUED)

The following is a summary of the benefits (salaries, bonuses and other benefits) of the Group's senior executive management:

	<u>2024</u>	<u>2023</u>
	JD	JD
Salaries and other benefits	<u>1,421,057</u>	<u>1,393,511</u>

(31) DISCONTINUED OPERATIONS

Al Nahda for Financial Investments

During 2016, the Group's management issued a resolution to liquidate Al Nahda for Financial Investments (Subsidiary), thus the operational transactions for company has been classified as discontinued operations in accordance with the IFRS (5).

Net book value for assets and liabilities of the disposed subsidiary as of 31 December 2024 and 2023 are as follows:

	<u>Al Nahda for Financial Investments</u>	
	<u>2024</u>	<u>2023</u>
	JD	JD
ASSETS		
Cash and bank balances (Note 12)	<u>95,057</u>	<u>95,057</u>
	<u>95,057</u>	<u>95,057</u>
LIABILITIES		
Accounts payable other current liabilities	<u>6,158</u>	<u>6,158</u>
NET ASSETS	<u>88,899</u>	<u>88,899</u>

(32) RIGHT OF USE ASSETS AND LEASE CONTRACTS LIABILITIES

Set out below are the carrying amounts of right of use assets and lease contracts liabilities recognized and the movements as of 31 December 2024 and 2023:

	Right of use assets	Lease liabilities*
	JD	JD
At 1 January 2024	217,541	174,957
Additions	376,069	376,069
Depreciation	(216,437)	-
Finance costs	-	42,546
Lease payments	-	(133,716)
At 31 December 2024	<u>377,173</u>	<u>459,856</u>
	Right of use assets	Lease liabilities*
	JD	JD
At 1 January 2023	20,432	137,877
Additions	270,050	270,050
Depreciation	(52,509)	-
Disposals	(20,432)	(137,877)
Finance costs	-	7,751
Lease payments	-	(102,844)
At 31 December 2023	<u>217,541</u>	<u>174,957</u>

* Lease liabilities details as at 31 December are as follows:

	Short-term	Long-term	Total
	JD	JD	JD
2024	174,957	284,899	459,856
2023	85,034	89,923	174,957

(33) RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate.

The Group is exposed to interest rate risk on its financial assets and liability that carry interest such as deposits, loans and due to banks.

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate on financial assets and financial liabilities held at 31 December.

The following table illustrates the sensitivity of the consolidated statement of income as of 31 December to reasonably possible changes in interest rates, with all other variables held constant.

2024-		Effect on
Currency	Increase in interest rate (Basis points)	profit before tax JD
USD	100	(315,127)
JD	100	95,596
DZD	100	(126,964)
2023-		Effect on
Currency	Increase in interest rate (Basis points)	profit before tax JD
USD	100	(261,053)
JD	100	92,035
DZD	100	(117,050)

The effect of decrease in interest rate is expected to be equal and opposite to the effect shown above.

(33) RISK MANAGEMENT (CONTINUED)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk through its operational activities such as trade receivables and financing activities such as deposits at banks and other financial instruments included in the consolidated statement of financial position.

According to the Group's judgment, the Group is not materially exposed to credit risk as it seeks to limit its credit risk with respect to banks by only dealing with reputable banks, and with respect to customers by monitoring outstanding receivable.

The Group sells its products to a large number of customers. The largest customer accounts represent 15.3% of the outstanding trade receivables at 31 December 2024 (2023: 12%).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligating as they fall due.

The Group limits its liquidity risk by ensuring bank facilities are available.

The table below summarizes the maturities of the Group's (undiscounted) financial liabilities as at 31 December, based on contractual payment dates and current market interest rates.

As at 31 December 2024	Less than one year JD	More than one year JD	Total JD
Accounts payable	9,904,198	-	9,904,198
Bank overdrafts and revolving loans	46,761,866	-	46,761,866
Other current liabilities	4,197,821	-	4,197,821
Bank loans	1,884,990	-	1,884,990
Lease liabilities	215,000	365,000	580,000
Total	62,963,875	365,000	63,328,875

(33) RISK MANAGEMENT (CONTINUED)

31 December 2023	Less than one year JD	More than one year JD	Total JD
Accounts payable	9,610,670	-	9,610,670
Bank overdrafts and revolving loans	40,542,793	-	40,542,793
Other current liabilities	4,130,528	-	4,130,528
Bank loans	2,481,316	85,994	2,567,310
Lease liabilities	95,094	95,094	190,188
Total	56,860,401	181,088	57,041,489

Foreign currency risk -

The table below indicates the Group's foreign currency exposure at 31 December, as a result of its monetary assets and liabilities. The table below illustrate the effect of a reasonably possible change of the Jordanian Dinar currency rate against the following foreign currencies, Euro on the consolidated statement of income and Algerian Dinar on the consolidated statement of comprehensive income, with all other variables held constant.

	Change in foreign currency rates (%)	Effect JD
2024 - Currency		
EURO	10%	110,097
DZD	10%	(803,379)
2023 - Currency		
EURO	10%	139,511
DZD	10%	(766,291)

The effect of the decrease in index is expected to be equal and opposite to the effect shown above.

(34) RESTRICTED BANK BALANCES

This item represents cash deposit at Housing bank for Trade and Finance – Jordan as a guarantee against increasing the overdraft facility ceiling of Dar Al Dawa – Algeria at Housing Bank for Trade and Finance - Algeria.

(35) EMPLOYEES TERMINATION COMPENSATION

During the year 2024, the Group laid off a number of employees, which led to the disbursement of a compensatory amount of JD 69,528 as a termination compensation which was recorded as an expense in the consolidated statement of income (2023: JD 912,682).

(36) CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains appropriate capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions.

Capital comprises paid-in capital, statutory reserve, voluntary reserve, special reserve, other reserves, foreign currency translation differences, fair value reserve and retained earnings and is measured at JD 49,130,537 as at 31 December 2024 (2023: JD 45,810,758).

(37) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist of financial assets and financial liabilities.

Financial assets consist of cash and bank balances, accounts receivable, financial assets at fair value through other comprehensive income, due from related parties and some other current assets. Financial liabilities consist of trade payables, revolving loans, banks loans, bank overdrafts and some other current liabilities.

The fair value of financial instruments is not materially different from the book value of these instruments.

(38) STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

**Amendments to the Classification and Measurement of Financial Instruments—
Amendments to IFRS 9 and IFRS 7**

In May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date.
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed.
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments.
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for classification of financial assets and related disclosures only.

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

Contracts Referencing Nature-dependent Electricity — Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to address the accounting and disclosure requirements for contracts referencing nature-dependent electricity, such as wind, solar, and hydro power. These amendments aim to provide clearer guidance on the classification, measurement, and recognition of these contracts, which are inherently variable due to their dependence on natural conditions. The changes seek to improve the consistency and comparability of financial statements by clarifying whether such contracts should be treated as financial instruments or executory contracts and how they should be measured. Additionally, the amendments enhance disclosure requirements to provide greater transparency about the risks and financial impacts associated with these contracts, thereby offering users more relevant and reliable information. This initiative supports the global transition to renewable energy by addressing the unique accounting challenges posed by nature-dependent electricity contracts.

The Amendments are effective for annual periods starting on or after 1 January 2026. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

(38) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is 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. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

This standard will result in new presentation of the consolidated income statement with some new required totals, in addition to the disclosure of management-defined performance measures.

(38) STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

The amendments are not expected to have a material impact on the consolidated financial statements of the Group.

(39) COMPARATIVE FIGURES

The Group reclassified some of 2023 balances to correspond with 2024 presentation with no additional effect on profit or equity for the year ended 2023.