



**Dr. Sulaiman Al Habib Medical Services Group Company
and its Subsidiaries
(Saudi Joint Stock Company)**

Consolidated Financial Statements
For the year ended 31 December 2025





INDEX	Pages
Independent auditor's report	1 – 6
Consolidated statement of financial position	7
Consolidated statement of income	8
Consolidated statement of comprehensive income	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12 – 44



Independent auditor's report to the shareholders of Dr. Sulaiman Al Habib Medical Services Group Company (A Saudi Joint Stock Company)

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dr. Sulaiman Al Habib Medical Services Group Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended ; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code's requirements.

PricewaterhouseCoopers Public Accountants
(Professional Limited Liability Company)
Laysen Valley Tower 12 & 13, King Khaled Road
T: +966 (11) 211 0400, F: +966 (11) 211 0401



Independent auditor's report to the shareholders of Dr. Sulaiman Al Habib Medical Services Group Company (A Saudi Joint Stock Company) (continued)

Our audit approach

Overview

Key Audit Matter	Revenue recognition
------------------	---------------------

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.



Independent auditor's report to the shareholders of Dr. Sulaiman Al Habib Medical Services Group Company (A Saudi Joint Stock Company) (continued)

Our audit approach (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

Key audit matter	How our audit addressed the key audit matter
<p style="color: #C85A3D;"><i>Revenue recognition</i></p> <p>During the year ended 31 December 2025, the Group recognised revenue of Saudi Riyals 13,706,897,641 (2024: Saudi Riyals 11,200,434,264).</p> <p>The Group recognises revenue upon satisfaction of performance obligations for medical and related services at the fair value of the consideration received or receivable, net of variable consideration.</p> <p>Certain contracts and arrangements with customers include discounts. These constitute variable consideration and are considered in the recognition of revenue on an estimated basis in the period in which the related services are rendered. Significant accounting estimates and assumptions are made by management in determining the variable consideration.</p> <p>Revenue recognition is considered as a key audit matter due to the significant accounting estimates and assumptions involved in the determination of the related variable consideration, in addition to the significance of revenue to the consolidated financial statements taken as a whole.</p> <p>Refer to note 4.4 for the accounting policy related to revenue recognition and note 5.1 for estimates and assumptions made by management in revenue recognition.</p>	<p>Our audit procedures included the following among other procedures:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the Group's revenue recognition accounting policies by considering the requirements of IFRS 15 Revenue from Contracts with Customers; • Assessed the appropriateness of significant accounting estimates and assumptions made by management in determining variable consideration; • Assessed the design and implementation and tested, on a sample basis, the operating effectiveness of certain key internal controls in relation to revenue recognition; • Tested a sample of revenue transactions recorded during the year and inspected the underlying supporting documents to ensure appropriateness of revenue recognition in accordance with IFRS 15; • Obtained management's calculation of the variable consideration, compared it to underlying agreements on a sample basis and assessed the reasonableness of estimates and assumptions made by management in calculating additional discounts; • Tested retrospectively, on a sample basis, actual claims settled against gross claims to assess the reasonableness of discount rates used by management in calculating variable consideration; and • Assessed the adequacy of the related disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Dr. Sulaiman Al Habib Medical Services Group Company (A Saudi Joint Stock Company) (continued)

Other information

The directors are responsible for the other information. The other information comprises the Group's Annual Report but does not include the consolidated financial statements and our auditor's report thereon, which 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.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the board of directors and those charged with governance for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as they determine 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, the board of directors 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 the board of directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the board of directors, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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



Independent auditor's report to the shareholders of Dr. Sulaiman Al Habib Medical Services Group Company (A Saudi Joint Stock Company) (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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



Independent auditor's report to the shareholders of Dr. Sulaiman Al Habib Medical Services Group Company (A Saudi Joint Stock Company) (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

PricewaterhouseCoopers

Khalid A. Mahdhar
License Number 368



27 Shaban 1447 H
(15 February 2026)

DR. SULAIMAN AL HABIB MEDICAL SERVICES GROUP COMPANY AND ITS SUBSIDIARIES
(Saudi Joint Stock Company)
Consolidated statement of financial position
As at 31 December 2025



		31 December 2025	31 December 2024
	Note	ﷲ	ﷲ
Assets			
Current assets			
Cash and cash equivalents	7	2,281,635,206	2,890,702,697
Accounts receivable	8	1,622,406,728	1,110,377,832
Prepayments and other assets	9	494,936,466	471,466,187
Inventories	10	1,028,292,270	846,880,231
Total current assets		5,427,270,670	5,319,426,947
Non-current assets			
Investments in associates and others	11	175,256,312	165,353,436
Investments in equity instruments – Islamic Sukuk		300,000,000	300,000,000
Property and equipment	12	17,302,419,382	14,773,148,689
Total non-current assets		17,777,675,694	15,238,502,125
Total assets		23,204,946,364	20,557,929,072
Liabilities and equity			
Liabilities			
Current liabilities			
Current portion of long-term loans	28.1	96,039,119	96,039,119
Accounts payable	13	2,015,293,259	1,839,938,621
Accruals and other liabilities	15	2,411,307,826	2,003,645,400
Zakat and income tax payable	16	95,673,216	147,845,521
Current portion of lease liabilities	28.2	100,341,908	74,337,595
Total current liabilities		4,718,655,328	4,161,806,256
Non-current liabilities			
Long-term loans	28.1	8,734,566,320	7,661,931,031
Government grant	17	43,659,819	49,039,737
Lease liabilities	28.2	373,686,238	333,161,823
Employees' end-of-service benefits	18	905,699,043	739,342,128
Total non-current liabilities		10,057,611,420	8,783,474,719
Total liabilities		14,776,266,748	12,945,280,975
Equity			
Issued and paid-up share capital	19	3,500,000,000	3,500,000,000
Retained earnings		4,401,716,037	3,675,142,519
Equity attributable to equity holders of the parent company		7,901,716,037	7,175,142,519
Non-controlling interests		526,963,579	437,505,578
Total equity		8,428,679,616	7,612,648,097
Total liabilities and equity		23,204,946,364	20,557,929,072

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

APPROVED BY:
FAISAL AL NASSAR
CFO

APPROVED BY:
FAISAL AL NASSAR
CEO

APPROVED BY:
DR. SULAIMAN AL HABIB
CHAIRMAN

DR. SULAIMAN AL HABIB MEDICAL SERVICES GROUP COMPANY AND ITS SUBSIDIARIES
(Saudi Joint Stock Company)
Consolidated statement of income
For the year ended 31 December 2025



		2025 ﷲ	2024 ﷲ
	Note		
Revenue		13,706,897,641	11,200,434,264
Cost of revenue		(9,499,891,037)	(7,456,175,866)
Gross profit		4,207,006,604	3,744,258,398
Selling and marketing expenses	22	(432,471,989)	(495,730,621)
General and administrative expenses	23	(1,155,553,389)	(892,266,518)
Operating profit		2,618,981,226	2,356,261,259
Share of income of associates	11	22,741,376	20,992,142
Finance costs	24	(338,800,018)	(162,762,985)
Other income	25	216,348,495	198,368,029
Profit before zakat and income tax		2,519,271,079	2,412,858,445
Zakat and income tax	16	(27,611,538)	(42,897,373)
Profit for the year		2,491,659,541	2,369,961,072
Profit for the year attributable to:			
Equity holders of the parent company		2,401,470,273	2,315,290,800
Non-controlling interests		90,189,268	54,670,272
		2,491,659,541	2,369,961,072
Earnings per share:			
Basic and diluted earnings per share from profit for the year attributable to equity holders of the parent company	26	6.86	6.62

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

APPROVED BY:
FAISAL AL NASSAR
CFO

APPROVED BY:
FAISAL AL NASSAR
CEO

APPROVED BY:
DR. SULAIMAN AL HABIB
CHAIRMAN

DR. SULAIMAN AL HABIB MEDICAL SERVICES GROUP COMPANY AND ITS SUBSIDIARIES
(Saudi Joint Stock Company)
Consolidated statement of comprehensive income
For the year ended 31 December 2025



	Note	2025 ﷲ	2024 ﷲ
Profit for the year		2,491,659,541	2,369,961,072
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement (loss) gain on defined benefit obligations	18	(13,125,258)	16,157,206
Other comprehensive (loss) income for the year		(13,125,258)	16,157,206
Total comprehensive income for the year		2,478,534,283	2,386,118,278
Total comprehensive income for the year attributable to:			
Equity holders of the parent company		2,389,073,518	2,331,157,580
Non-controlling interests		89,460,765	54,960,698
		2,478,534,283	2,386,118,278

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

APPROVED BY:
FAISAL AL NASSAR
CFO

APPROVED BY:
FAISAL AL NASSAR
CEO

APPROVED BY:
DR. SULAIMAN AL HABIB
CHAIRMAN

DR. SULAIMAN AL HABIB MEDICAL SERVICES GROUP COMPANY AND ITS SUBSIDIARIES
(Saudi Joint Stock Company)
Consolidated statement of changes in equity
For the year ended 31 December 2025



	Attributable to equity holders of the parent company				Non-controlling interests	Total equity
	Issued and paid-up share capital	Statutory reserve	Retained earnings	Total		
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
As at 1 January 2024	3,500,000,000	1,050,000,000	1,935,484,939	6,485,484,939	280,756,880	6,766,241,819
Profit for the year	-	-	2,315,290,800	2,315,290,800	54,670,272	2,369,961,072
Other comprehensive income	-	-	15,866,780	15,866,780	290,426	16,157,206
Total comprehensive income	-	-	2,331,157,580	2,331,157,580	54,960,698	2,386,118,278
Transfer from statutory reserve (note 20)	-	(1,050,000,000)	1,050,000,000	-	-	-
Increase in capital of partially owned subsidiary	-	-	-	-	101,788,000	101,788,000
Dividends (note 21)	-	-	(1,641,500,000)	(1,641,500,000)	-	(1,641,500,000)
As at 31 December 2024	3,500,000,000	-	3,675,142,519	7,175,142,519	437,505,578	7,612,648,097
Profit for the year	-	-	2,401,470,273	2,401,470,273	90,189,268	2,491,659,541
Other comprehensive loss	-	-	(12,396,755)	(12,396,755)	(728,503)	(13,125,258)
Total comprehensive income	-	-	2,389,073,518	2,389,073,518	89,460,765	2,478,534,283
Changes in non-controlling interest	-	-	-	-	(2,764)	(2,764)
Dividends (note 21)	-	-	(1,662,500,000)	(1,662,500,000)	-	(1,662,500,000)
As at 31 December 2025	3,500,000,000	-	4,401,716,037	7,901,716,037	526,963,579	8,428,679,616

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

APPROVED BY:
FAISAL AL NASSAR
CFO

APPROVED BY:
FAISAL AL NASSAR
CEO

APPROVED BY:
DR. SULAIMAN AL HABIB
CHAIRMAN

DR. SULAIMAN AL HABIB MEDICAL SERVICES GROUP COMPANY AND ITS SUBSIDIARIES
(Saudi Joint Stock Company)
Consolidated statement of cash flows
For the year ended 31 December 2025



	Note	2025 س.م	2024 س.م
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and income tax		2,519,271,079	2,412,858,445
Adjustments for non-cash items:			
Depreciation	12	671,621,123	420,801,363
Share of income of associates	11	(22,741,376)	(20,992,142)
Provisions		139,886,354	291,578,707
Finance costs	24	338,800,018	162,762,985
Employees' end-of-service benefits	18	196,379,778	165,010,158
		3,843,216,976	3,432,019,516
Working capital changes:			
Accounts receivable		(652,692,168)	(688,229,249)
Inventories		(180,635,121)	(314,425,040)
Prepayments and other assets		(62,540,334)	(199,685,942)
Accounts payable		175,354,638	559,493,337
Accruals and other liabilities		402,131,112	295,752,940
Cash generated from operating activities		3,524,835,103	3,084,925,562
Zakat and income tax paid	16	(79,783,843)	(72,513,862)
Employees' end-of-service benefits paid	18	(43,148,121)	(42,013,806)
Net cash from operating activities		3,401,903,139	2,970,397,894
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(2,983,261,568)	(3,828,589,749)
Investment in associates and others		(3,300,000)	40,978,210
Dividends from associates	11	16,138,500	12,250,000
Net cash used in investing activities		(2,970,423,068)	(3,775,361,539)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term loans		1,225,328,055	3,004,169,796
Repayment of long-term loans		(157,874,836)	(157,874,832)
Finance costs paid		(333,466,552)	(158,430,198)
Lease liabilities paid		(112,031,465)	(72,866,906)
Dividends paid	21	(1,662,500,000)	(1,641,500,000)
Non-controlling interest		(2,764)	101,788,000
Net cash (used in) / generated from financing activities		(1,040,547,562)	1,075,285,860
Net (decrease) increase in cash and cash equivalents		(609,067,491)	270,322,215
Cash and cash equivalents at the beginning of the year	7	2,890,702,697	2,620,380,482
Cash and cash equivalents at the end of the year	7	2,281,635,206	2,890,702,697
Non-cash transactions:			
Recognition of right-of-use assets and lease liabilities	12 & 28.2	183,028,871	222,283,032
Transfer from prepayments and other assets to property and equipment		39,978,296	-

The accompanying notes 1 to 32 form an integral part of these consolidated financial statements.

APPROVED BY:
FAISAL AL NASSAR
CFO

APPROVED BY:
FAISAL AL NASSAR
CEO

APPROVED BY:
DR. SULAIMAN AL HABIB
CHAIRMAN



1 Corporate information and activities

Dr. Sulaiman Al Habib Medical Services Group Company (the "Company") (a Saudi Joint Stock Company) is registered in Riyadh, under commercial registration number 1010118330 dated 11 Jumada al-thani 1414H (corresponding to 25 November 1993). The registered office is located at Olaya District, P.O. Box 301578, Riyadh 11372, Kingdom of Saudi Arabia (the "Kingdom" and/or "KSA"), and the Company was listed on the Saudi Stock Exchange (Tadawul) on 22 Rajab 1441H (corresponding to 17 March 2020).

The activities of the Company and its subsidiaries (collectively referred to as "the Group") are to provide private health services and ancillary services for its operations in the Kingdom and the region through the establishment, management, and operation of hospitals, general and specialized medical complexes, day surgery centers, pharmaceutical facilities, and other ancillary areas which include providing services of Home health care, specialized medical laboratories, technology services and information systems, providing facility maintenance services, Tele-medicine services, revenue cycle management services, medical equipment maintenance services, and real estate activity.

The Company has a branch located in Riyadh, Kingdom of Saudi Arabia, "Branch of Dr. Sulaiman Al Habib Medical Services Group Company" ("the Branch") under commercial registration number 1010357146 dated 24 Muharram 1434H (corresponding to 8 December 2012). The Branch is engaged in the activities of retail sales of medical devices, equipment, and supplies, as well as operating pharmaceutical warehouses and general warehouses that store a range of goods.

The consolidated financial statements include the financial information of the branch mentioned above and subsidiaries mentioned in note 3.

2 Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRS" as endorsed in Kingdom of Saudi Arabia").

2.2 Basis of measurement

These consolidated financial statements are prepared on a historical cost basis unless otherwise stated in the accounting policies below.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyals, which is the functional, and presentation currency of the Company and all values are rounded to the nearest one Riyal, except when otherwise indicated.

2.4 Use of judgement and estimates

In preparing these consolidated financial statements, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.



3 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its following subsidiaries (collectively referred to as "the Group"), mainly domiciled in Kingdom of Saudi Arabia ("KSA") and United Arab Emirates ("UAE") as at 31 December 2025 and 31 December 2024:

	Country of incorporation and business	Activities / Services	Ownership % 31 December	
			2025	2024
Sehat Al Olaya Medical Complex Company	KSA	Hospital	100%	100%
Asharq Alawsat Pharmacies Company	KSA	Pharmacy	100%	100%
Dr. Sulaiman Al Habib Hospital FZ – LLC	UAE	Hospital	100%	100%
Buraidah Al Takhassusi Hospital for Healthcare Company	KSA	Hospital	100%	100%
Al Rayan Hospital for Healthcare Company	KSA	Hospital	100%	100%
Home Healthcare Company	KSA	Home Healthcare	100%	100%
Al Gharb Al Takhassusi Hospital for Healthcare Company	KSA	Hospital	100%	100%
Al Mokhtabarat Diagnostic Medical Company	KSA	Laboratory	100%	100%
Sehat Al Suwaidi Medical Company	KSA	Hospital	100%	100%
Hulool Al Sahaba for IT & Communication Company	KSA	IT Support	100%	100%
Rawabet Medical Company	KSA	Medical and Telemedicine	100%	100%
Sehat Al Sharq Medical Limited Company	KSA	Hospital	50%	50%
Al Wosta Medical Limited Company	KSA	Hospital	50%	50%
Gharb Jeddah Hospital Company	KSA	Hospital	50%	50%
Shamal Al Riyadh for Healthcare Company	KSA	Hospital	100%	100%
Al Muhammadiyah Hospital for Healthcare Company	KSA	Hospital	100%	100%
Taswyat Administrative Company	KSA	Revenue cycle management	100%	100%
Al Marakez Al Awwalyah for Healthcare Company	KSA	Primary Healthcare centers	100%	100%
Wrass Real Estate Company	KSA	Real Estate	100%	100%
Flow Medical Company	KSA	Medical equipment maintenance	100%	100%
Sehat Al Kharj for Healthcare Company	KSA	Hospital	100%	100%
Bawabat Al Gharb for Healthcare Company	KSA	Hospital	100%	100%
Bawabat Al Shamal for Healthcare Company	KSA	Hospital	100%	100%
Sehat Al Hamra for Healthcare Company	KSA	Hospital	100%	100%
Wrass for Operation and Maintenance Company	KSA	Ancillary	100%	100%
Dr. Sulaiman Al Habib for Education Company	KSA	Higher Education	100%	100%
Bawabat Al Sharq for Healthcare Company	KSA	Hospital	100%	100%
Sehat Al Sahel Company *	KSA	Hospital	100%	-

* During the year, the Group established new subsidiary, namely "Sehat Al Sahel Company".



3 Basis of consolidation (continued)

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and non-controlling interest, even if this results in the non-controlling interest having a deficit balance.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interest;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

4 Summary of material accounting policies

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

4.1 Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree 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 general and administrative expenses.



4 Summary of material accounting policies (continued)

4.1 Business combination (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

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

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

4.2 Investments

4.2.1 Investments in associates

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

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date.

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

The aggregate of the Group's share of income of an associate is shown on the face of the consolidated statement of income outside operating profit and represents income after zakat and income tax wherever applicable.

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



4 Summary of material accounting policies (continued)

4.2 Investments (continued)

4.2.1 Investments in associates (continued)

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

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

4.2.2 Investments in equity instruments – Islamic Sukuk

This represents investments in equity instruments – non-listed Sukuk Tier 1 type with Mudaraba structure and perpetual maturity. Each unit of the Sukuk constitutes an unsecured, conditional and subordinated obligation for the issuer bank and is classified under equity in the issuer's books. The first call date is five years from the issuance date. These are initially recognized at cost and subsequently, income is recognized when the profit/dividend payment is received on a quarterly basis. The fair values of the Sukuks are not materially different from their carrying values at reporting date.

4.3 Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or the liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

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

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



4 Summary of material accounting policies (continued)

4.3 Fair value measurement (continued)

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.4 Revenue recognition

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3. Determine the transaction price: the transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- a) *The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.*
- b) *The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.*
- c) *The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.*

For performance obligations where one of the above conditions are not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised services it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to a contract liability.

Revenue is measured at the transaction price received or receivable, and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.



4 Summary of material accounting policies (continued)

4.4 Revenue recognition (continued)

Patient services

Patient services revenue is recognized when the services are rendered to the patient net off for any discount or rebates expected at the time of providing services to the patients. Revenue from outpatient is recognized at point in time while revenue from inpatients is recognized over period of time.

Sale of goods

Sales of medicine, cosmetics, medical supplies and medical equipment are recognized when goods are delivered to patients and control has been transferred to them. Sales are recorded net off any discount or rebates expected at the time of delivery of goods to the patients.

Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other income in the consolidated statement of income.

Others

All other revenues are recognized on an accrual basis.

For advance from customer or accounts receivable, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

4.5 Foreign currencies

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the exchange rate prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the consolidated statement of income, if material.

The results and financial position of the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Items of equity (except retained earnings and non-controlling interest) are translated at the rate prevailing on the acquisition date.
- Assets and liabilities are translated using the exchange rate prevailing at the reporting date.
- Statement of income items are translated using the weighted average rate for the year. Material gains and losses are translated at the rate prevailing on the date of their occurrence.
- All resulting exchange differences, if material, are recognized as a separate component of equity.

When those entities are partially sold or disposed of, exchange differences that were recorded in equity are recognized in the consolidated statement of income as part of the gains or losses on sale.

4.6 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.



4 Summary of material accounting policies (continued)

4.6 Government grants (continued)

When the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the consolidated statement of income over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

4.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Such costs include the cost of replacing parts of the property and equipment, borrowing costs for long-term construction projects if the recognition criteria are met and decommissioning and site restoration costs, if applicable.

Depreciation is calculated on all property and equipment, other than land and capital work-in-progress, at the following useful lives calculated to write off the cost of each asset on a straight-line basis over its expected useful life:

	Years
Buildings	10 – 33
Leasehold improvements	The estimated useful life or lease period whichever is lower
Medical and general equipment	5 – 15
Motor vehicles and ambulances	4 – 10
Furniture, fixtures and office equipment	6 – 7
Right of use assets	The estimated useful life or lease period whichever is lower

Capital work-in-progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate property and equipment asset category and depreciated in accordance with the Group's policies.

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the consolidated statement of income as the expense is incurred.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income under other operating income when the asset is de-recognized.

The expected useful lives and residual values of property and equipment are reviewed annually and adjusted prospectively as appropriate. The review of the asset lives and residual values of properties and equipment takes into consideration the plans of the business and levels of expenditure incurred on an ongoing basis to maintain the property and equipment in a fit and proper state for their ongoing use at hospitals and the forecast timing of disposal.



4 Summary of material accounting policies (continued)

4.8 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 ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat 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.

The Group bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized 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 recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized as income immediately in the consolidated statement of income.

4.9 Leases

The Group assess whether a contract contains a lease, at inception of the contract. For all such lease arrangements the Group recognize right of use assets and lease liabilities except for the short term leases and leases of low value assets as follows:

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 re-measurement 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 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.



4 Summary of material accounting policies (continued)

4.9 Leases (continued)

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 re-measured 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 its short-term leases of commercial buildings, accommodations and offices (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 of commercial buildings, accommodations and offices that are considered of low value (i.e., below SAR 20,000). 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.

4.10 Borrowing costs

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

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition

A financial asset or financial liability is recognized when the Group becomes a party to the contractual provisions of the instrument.

Classification

The Group classifies its financial assets into the following measurement categories:

- Those to be measured subsequently at amortized cost;
- Fair value through other comprehensive income;
- Fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (FVTPL). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Financial liabilities are not reclassified.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the consolidated statement of income or other comprehensive income.



4 Summary of material accounting policies (continued)

4.11 Financial instruments (continued)

De-recognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired.

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

Impairment

For accounts receivables and contract assets, the Group recognizes expected credit losses based on the simplified approach under IFRS 9. The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date.

Objective evidence that financial assets are impaired may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For other financial assets, the general model is applied.

Financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.12 Cash and cash equivalents

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

4.13 Inventories

Inventories are measured at the lower of cost or net realizable value with due allowance for any obsolete or slow moving items, near to expiry items and damages. Cost is determined using the weighted average method.

Cost includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition. Net realizable value is based on estimated selling price less any further costs expected to be incurred on disposal.

4.14 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. The Group may expect some or all of a provision to be reimbursed, for example under an insurance contract, these reimbursements are recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-zakat rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.



4 Summary of material accounting policies (continued)

4.15 Employees' end-of-service benefits

The Group operates a defined benefit plan for employees in accordance with Saudi Labor Law as defined by the conditions stated in the laws of the Kingdom of Saudi Arabia. The plan is unfunded. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, excluding amounts included in consolidated statement of income on the defined benefit liability are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to consolidated statement of income in subsequent periods.

Past service costs are recognized in consolidated statement of income on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Interest expense is calculated by applying the discount rate to the defined benefit liability. The Group recognizes the following changes in the defined benefit obligation in the consolidated statement of income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense.

4.16 Zakat and Taxation

Zakat

Zakat is provided for in accordance with Zakat, Tax and Customs Authority ("ZATCA") regulations in the Kingdom of Saudi Arabia. Zakat provision is estimated and charged to the consolidated statement of income. Any differences in the estimations is recorded when the final assessment is approved at which time the provision is adjusted.

Zakat is calculated on a consolidated basis for the Company and its 100% legally owned subsidiaries since 31 December 2009. Accordingly, the Company and its 100% legally owned subsidiaries are considered as a single entity for the purposes of Zakat calculation. As for the subsidiaries which are less than 100% owned by the Company, Zakat is calculated on a standalone basis.

Income Tax

UAE Corporate Income Tax Law On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective for accounting periods beginning on or after 1 June 2023. The Group's subsidiary in Dubai is subject to the provisions of the UAE CT Law with effect from 1 January 2024.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.



4 Summary of material accounting policies (continued)

4.16 Zakat and Taxation (continued)

Value Added Tax

Expenses, and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

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

Withholding Tax

The Group withholds taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations. These amounts are recorded as liabilities payable to ZATCA on behalf of the counterparty from whom the amounts are withheld.

4.17 New and amended standards and interpretations

4.17.1 Amendments applied by the Group on 1 January 2025 and have no material effect on the consolidated financial statements are as follows:

Lack of exchangeability - Amendments to IAS 21

The amendment prescribes accounting when there is a lack of exchangeability in the currency of an entity when it has a transaction or an operation in a foreign currency. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. As there are no major transactions or the operations of the Group where the entity is subject to lack of exchangeability, this amendment does not have any material impact on the Group's consolidated financial statements.

4.17.2 The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's 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 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).
- IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027) - IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements. Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027)



5 Significant accounting judgments, estimates, assumptions

5.1 Estimates and assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue Recognition

The application of IFRS 15 has required management to make the following judgements:

- *Satisfaction of performance obligations*

The Group is required to assess each of its contracts with patients to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing revenue.

- *Determination of transaction prices*

The Group is required to determine the transaction price in respect of each of its agreements with customers (mainly insurance companies). In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims discount or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

- *Transfer of control in contracts with customers*

In case where the Group determines that performance obligation are satisfied at a point in time, revenue is recognized when services or control over the assets that is subject of contract is transferred to the patients.

Allowance for expected credit losses

For accounts receivables, the Group applies the simplified approach. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rates were derived from published default rates and historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward looking information for macroeconomic factors such as inflation and gross domestic product growth rate.

Employees' end-of-service benefits

The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



5 Significant accounting judgments, estimates, assumptions (continued)

5.1 Estimates and assumptions (continued)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flows ("DCF") model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Useful lives of property and equipment

The useful life of each of the Group's items of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation, experience with similar assets and application of judgment as to when the assets become available for use and the commencement of the depreciation charge.

The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded operating expenses and decrease non-current assets.

Provision for inventories

Inventories are held at the lower of cost or net realizable value. When inventories become slow moving or obsolete or near to expiry or damages, an estimate is made for their fair value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are slow moving or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices.

Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

5.2 Critical judgements in applying accounting standards

The following critical judgements have the most significant effect on the amounts recognized in the consolidated financial statements:



5 Significant accounting judgments, estimates, assumptions (continued)

5.2 Critical judgements in applying accounting standards (continued)

Component parts of property and equipment

The Group's assets, classified within property and equipment, are depreciated on a straight-line basis over their economic useful lives. When determining the economic useful life of an asset, it is broken down into significant component parts such that each significant component part is depreciated separately.

Judgement is required in ascertaining the significant components of a larger asset, and while defining the significance of a component, management considers quantitative materiality of the component part as well as qualitative factors such as difference in useful life as compared to related asset, its pattern of consumption and its replacement cycle/maintenance schedule.

Determination of control and significant influence

Management's judgement in assessing control over consolidated subsidiaries

Subsidiaries are all investees over which the Group has control. The Group's management considers that the Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of those returns through its power to direct the relevant activities of the investees.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has equal or less than a majority of the voting or similar rights of an investee, the Group considers all other relevant facts and circumstances in assessing whether it has power over an investee, including any contractual and other such arrangements which may affect the activities which impact investees' return.

The determination about whether the Group has power thus depends on such relevant activities, the way decisions about the relevant activities are made and the rights the Group has, in relation to the investees.

In certain cases where the Group owns less than 50% of voting rights, it may still be the single largest partner with presence on the governing body giving it power to direct relevant activities of the investees, whereby the other shareholders individually do not hold sufficient voting rights and power to overrule the Group's directions. There is no prior instance of other shareholders collaborating to exercise their votes collectively or to out-Vote the Group.

The management has considered the integration of all such investees (where the Group has equal or less than a majority of the voting rights) within the Group structure and located in cities in KSA, the ability of the Group to impact variable returns of the investees through the provision of various key services to such investees, the relationship of the Group with other entities which may impact returns of investees, appointment of certain key management personnel and various other such factors.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms of 5 to 15 years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).



6 Segment Information

Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM").

The CODM uses underlying income as reviewed at monthly Executive Committee and Performance meetings as the key measure of the segments' results as it reflects the segments' performance for the period under evaluation. Revenue and segment profit is a consistent measure within the Group.

The identified key segments are Hospitals / Healthcare Facilities, Pharmacies and HMG Solutions / Others (which includes IT support services, laboratory services, home healthcare services, medical equipments maintenance, revenue cycle management and real estate). The segment results (gross profit) for the year ended 31 December 2025 and the reconciliation of the segment measures to the respective statutory items included in the consolidated financial information are as follows:

ﷲ Million	Hospitals / Healthcare Facilities	Pharmacies	Solutions / Others	Total
For the year ended 31 December 2025				
Revenue	10,600	2,856	251	13,707
Gross profit	3,226	869	112	4,207
As at 31 December 2025				
Total assets	18,920	697	3,588	23,205
Total liabilities	10,219	836	3,721	14,776
For the year ended 31 December 2024				
Revenue	8,558	2,355	287	11,200
Gross profit	2,921	700	123	3,744
As at 31 December 2024				
Total assets	16,131	638	3,789	20,558
Total liabilities	9,797	799	2,349	12,945

7 Cash and cash equivalents

	As of 31 December 2025 ﷲ	As of 31 December 2024 ﷲ
Short-term Murabaha Islamic deposits with banks	1,610,910,638	952,216,083
Cash at banks	653,789,681	1,919,658,591
Cash on hand	16,934,887	18,828,023
	2,281,635,206	2,890,702,697

8 Accounts receivable

	As of 31 December 2025 ﷲ	As of 31 December 2024 ﷲ
Accounts receivable	1,720,628,893	1,455,028,102
Less: allowance for expected credit losses ("ECL")	(98,222,165)	(344,650,270)
	1,622,406,728	1,110,377,832



8 Accounts receivable (continued)

The movement in the allowance for expected credit losses is as follows:

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
At the beginning of the year	344,650,270	400,109,935
Charge for the year (note 22)	140,663,272	280,974,516
Write-off during the year	(387,091,377)	(336,434,181)
At the end of the year	98,222,165	344,650,270

As of 31 December, the ageing analysis of accounts receivables is as follows:

	Total	Less than one year	Greater than one year
	ﷲ	ﷲ	ﷲ
31 December 2025	1,622,406,728	1,618,092,210	4,314,518
31 December 2024	1,110,377,832	1,107,993,834	2,383,998

Accounts receivables are expected, on the basis of past experience, to be fully recoverable. As at 31 December 2025 the allowance for expected credit losses reached ﷲ 98,222,165 (as at 31 December 2024: ﷲ 344,650,270).

As at 31 December 2025, approximately 91% of the Group's accounts receivable's balance was due from various governmental and insurance entities (31 December 2024: 94%).

The Group's credit terms require receivables to be repaid within 30-45 days period of the claim date depending on the type of customer, which is in line with healthcare industry. Due to short credit period offered to customers, a significant amount of accounts receivable are neither past due nor impaired.

9 Prepayments and other assets

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Prepaid expenses	279,890,347	212,494,384
Advances to employees	51,267,707	43,212,782
Advances to suppliers and contractors	64,624,150	53,840,976
Value Added Tax	32,368,398	39,469,735
Contract assets	56,484,765	70,837,896
Advance for purchase of land	-	39,978,296
Others	10,301,099	11,632,118
	494,936,466	471,466,187

10 Inventories

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Inventories	1,054,807,408	879,845,317
Less: provision for inventories	(26,515,138)	(32,965,086)
	1,028,292,270	846,880,231

Cost of inventories recognized in the consolidated statement of income for the year ended 31 December 2025 amounted to ﷲ 3,230,466,950 (2024: ﷲ 2,603,310,542).



11 Investments in associates and others

The Group holds interests as of 31 of December 2025 in the following summary:

Associate / Investee	Country of incorporation / operation	Ownership interest	Accounting treatment
Ajaji Dental Clinic Group Company	Saudi Arabia	50%	Equity method
Tamkeen Human Resources Company	Saudi Arabia	17.5%	Equity method
Eraf Medical Company	Saudi Arabia	40%	Equity method
NLC Health Impact Fund Cooperative U.A.	Netherlands	N/A	FVTPL
Angiogenesis Analytics B.V.	Netherlands	N/A	FVTPL

During the year, the movement of investments was as follows:

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Opening balance	165,353,436	197,589,504
Share of income	22,741,376	20,992,142
Dividends	(16,138,500)	(12,250,000)
Addition / adjustment	3,300,000	(40,978,210)
Ending balance	175,256,312	165,353,436



12 Property and equipment

﷼	Land, Buildings and leasehold improvements	Medical and general equipment	Motor vehicles and ambulances	Furniture, fixtures and office equipment	Right of use Assets***	Capital work-in- progress*	Total
Cost							
At 1 January 2024	6,191,151,067	1,606,384,515	15,561,836	702,505,829	485,113,983	4,750,900,384	13,751,617,614
Additions	878,441,995	250,543,421	16,428,638	66,000,715	222,283,032	2,629,796,541	4,063,494,342
Disposals/transfers	3,655,093,725	514,613,039	2,621,931	174,525,775	(31,344,171)	(4,375,366,066)	(59,855,767)
At 31 December 2024	10,724,686,787	2,371,540,975	34,612,405	943,032,319	676,052,844	3,005,330,859	17,755,256,189
Additions	846,908,816	442,817,238	2,658,670	131,029,191	183,028,871	1,565,123,936	3,171,566,722
Disposals/transfers	3,099,663,967	377,803,046	(105,850)	198,881,245	(61,830,196)	(3,714,924,078)	(100,511,866)
At 31 December 2025	14,671,259,570	3,192,161,259	37,165,225	1,272,942,755	797,251,519	855,530,717	20,826,311,045
Depreciation							
At 1 January 2024	823,191,213	1,070,536,367	10,491,262	511,447,218	167,563,335	5,772,702	2,589,002,097
Charge for the year	149,455,993	135,598,231	2,267,823	67,434,802	66,044,514	-	420,801,363
Disposals/transfers	(2,452,488)	(11,795,200)	-	(1,642,347)	(11,805,925)	-	(27,695,960)
At 31 December 2024	970,194,718	1,194,339,398	12,759,085	577,239,673	221,801,924	5,772,702	2,982,107,500
Charge for the year	261,540,045	205,900,849	3,033,274	103,475,629	97,671,326	-	671,621,123
Disposals/transfers	(35,915,412)	(30,810,972)	(124,350)	(760,247)	(56,453,277)	(5,772,702)	(129,836,960)
At 31 December 2025	1,195,819,351	1,369,429,275	15,668,009	679,955,055	263,019,973	-	3,523,891,663
Net book value							
At 31 December 2025	13,475,440,219	1,822,731,984	21,497,216	592,987,700	534,231,546	855,530,717	17,302,419,382
At 31 December 2024	9,754,492,069	1,177,201,577	21,853,320	365,792,646	454,250,920	2,999,558,157	14,773,148,689

* Capital work-in-progress represents cost incurred to date on different hospital projects of the Group.

** Property and equipment include land, building and medical equipment amounting to the extent of ﷼ 627,254,500 (2024: ﷼ 627,254,500) pledged against the loans obtained from the Ministry of Finance (note 28).

*** Right-of-use assets mainly pertains to lease of lands and accommodation for the Group employees.



12 Property and equipment (continued)

The depreciation charge has been allocated in the consolidated statement of income as follows:

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Cost of revenue	536,068,602	347,325,684
General and administrative expenses (note 23)	124,815,335	69,313,600
Selling and marketing expenses (note 22)	10,737,186	4,162,079
	671,621,123	420,801,363

13 Accounts payable

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Accounts payable*	1,693,139,350	1,422,077,251
Contractors' payables and retentions	322,153,909	417,861,370
	2,015,293,259	1,839,938,621

Included in the accounts payable are balances payable to related parties amounting to ﷲ 127,531,746 (2024: ﷲ 134,515,687).

14 Related party disclosures

Related parties represent shareholders, Directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Related party transactions

Significant transactions and balances with related parties are in the ordinary course of business which are included in the consolidated financial statements are summarized as follows:

		For the year ended	
		31 December 2025	31 December 2024
Related party	Nature of transaction	ﷲ	ﷲ
Board of Directors	Purchases and services	72,191,977	31,592,838
Affiliates Parties	Purchases and services	144,672,489	107,581,072
Affiliates Parties	Capital work-in-progress	12,481,595	78,500,621
Associates Parties	Capital increase	-	101,788,000
Associates Parties	Revenue	91,929,755	73,783,582
Associates Parties	Purchases and services	13,598,058	12,154,927

Affiliates Parties refer to entities under common ownership with the Group.

Associates Parties refer to entities over which the Group has significant influence, typically defined as owning 20% to 50% of the voting shares.



14 Related party disclosures (continued)

Compensation of key management personnel of the Group

Key management personnel of the Group comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group.

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Short-term employee benefits	14,040,000	14,280,000
Post-employment and medical benefits	1,055,000	1,190,000
Board of Directors and its committees remuneration	3,020,000	3,435,978
Total compensation paid to key management personnel	18,115,000	18,905,978

The board of directors has also approved during 2025 remuneration to senior executives for the year ended on 31 of December 2024 of ﷲ 20.7 million.

15 Accruals and other liabilities

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Accrued employees' salaries and benefits*	1,801,269,701	1,520,925,314
Accrued expenses	267,644,785	225,254,291
Nphies Fee	141,952,393	127,142,832
Deferred revenues and advances	117,703,527	61,185,431
Due to government parties	41,027,859	33,523,509
Interest payable	28,364,871	23,031,405
Current portion of government grant (note 17)	6,124,034	5,926,186
Others	7,220,656	6,656,432
	2,411,307,826	2,003,645,400

The employees' salaries, wages and other related benefits has been allocated in the consolidated statement of income as follows:

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Cost of revenue	4,888,241,796	3,830,441,583
General and administrative expenses (note 23)	576,260,347	466,021,631
Selling and marketing expenses (note 22)	153,778,657	122,633,709
	5,618,280,800	4,419,096,923

16 Zakat and income tax payable

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Zakat payable	90,523,789	144,283,318
Income tax payable	5,149,427	3,562,203
	95,673,216	147,845,521



16 Zakat and income tax payable (continued)

16.1 Zakat payable

The Group's Zakat provision for the year ended 31 December 2025 amounted to ﷲ 80,106,497 (2024: ﷲ 84,173,591) which is charged to the consolidated statement of income in accordance with the ZATCA regulations.

a Zakat base

The principal elements of the Zakat base are as follows:

	31 December 2025	31 December 2024
	ﷲ	ﷲ
Shareholders' equity	9,489,531,440	9,046,759,054
Non-current assets and others	(18,785,908,700)	(16,143,338,721)
Non-current liabilities and others	10,622,577,784	8,952,235,918
Adjusted net income	2,972,664,040	2,679,339,259
Zakat base	3,215,573,217	3,238,734,016

b Zakat provision

The movement in Zakat provision is as follows:

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Balance at the beginning of the year	144,283,318	177,462,010
Charge for the year	80,106,497	84,173,591
Prior years final assessment	(57,657,674)	(44,838,421)
Paid during the year	(76,208,352)	(72,513,862)
Balance at the end of the year	90,523,789	144,283,318

c Zakat status

The following table summarizes the zakat status for the Group and it's subsidiaries on reporting date:

Zakat Status	Company ownership %	Zakat return filed up to	Zakat certificate received up to	Final Zakat assessment received up to
Consolidated zakat returns for the Co. and its subsidiaries	100	2024	2024	2024 ^[1]
Sehat Al Sharq Medical Limited Co.	50	2024	2024	2020
Gharb Jeddah Hospital Co.	50	2024	2024	2022
Al Wosta Medical Limited Co.	50	2024	2024	2022
Asharq Alawsat Pharmacies Co.	100	2024	2024	2023 ^[2]

^[1] Note: During January 2026, the Company received the final Zakat assessment relating to the year 2024, which was broadly consistent with the provision recognized as at the reporting date.

^[2] During the year 2024, the other party assigned their less than 1% share to the Company, which directly and indirectly owns 100% of the entity, leading to its segregation into a separate Zakat pool.



16 Zakat and income tax payable (continued)

16.2 Income tax payable

Income tax provision is calculated in accordance with the prevailing tax regulations in the countries of subsidiaries.

The movement in income tax provision is as follows:

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Balance at the beginning of the year	3,562,203	-
Charge for the year	5,162,715	3,562,203
Paid during the year	(3,575,491)	-
Balance at the end of the year	5,149,427	3,562,203

17 Government grant

The movement of the government grant during the year ended 31 December is shown as follows:

	31 December 2025	31 December 2024
	ﷲ	ﷲ
Balance at the beginning of the year	54,965,923	60,337,850
Amortized during the year	(5,182,070)	(5,371,927)
Balance at the end of the year	49,783,853	54,965,923
Current portion	6,124,034	5,926,186
Non-current portion	43,659,819	49,039,737
	49,783,853	54,965,923

The grant represents the difference between the fair value and carrying value of the interest free loans obtained from Ministry of Finance to fund the construction of the new hospital and the purchase of medical and non-medical equipment. The conditions and contingencies included in the grant have been met.

18 Employees' end-of-service benefits

The Group provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, subject to the completion of a minimum number of service years, calculated under the provisions of the Labour Law of the respective country and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the years of employment.

a Net defined benefit expense recognized in profit or loss

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Current service cost	158,377,593	134,333,764
Interest cost on defined benefit obligation	38,002,185	30,676,394
Net defined benefit expense	196,379,778	165,010,158



18 Employees' end-of-service benefits (continued)

b Changes in the present value of the defined benefit obligation:

	ﷲ
Employees' end-of-service benefits as at 1 January 2024	632,502,982
Interest cost on defined benefit obligation	30,676,394
Current service cost	134,333,764
Actuarial (gain) on the defined benefit obligation recognized in OCI	(16,157,206)
Benefits paid	(42,013,806)
Employees' end-of-service benefits as at 31 December 2024	739,342,128
Interest cost on defined benefit obligation	38,002,185
Current service cost	158,377,593
Actuarial loss on the defined benefit obligation recognized in OCI	13,125,258
Benefits paid	(43,148,121)
Employees' end-of-service benefits as at 31 December 2025	905,699,043

	31 December 2025	31 December 2024
Significant assumptions	%	%
Discount rate	5.14	5.15
Future salary increases	4.00	4.00

Weighted average duration of the employee retirement benefit liability is 5 years.

Sensitive analysis:

A quantitative sensitivity analysis for salary change assumption on the defined benefit obligation as at 31 December 2025:

31 December 2025	Change in assumption	Base value ﷲ	Impact on employees' end-of-service benefits	
			Increase in assumption ﷲ	Decrease in assumption ﷲ
Discount rate	1%	905,699,043	863,631,978	950,617,667
Future salary increases	1%	905,699,043	942,482,873	870,289,197

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation because of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

19 Issued and paid-up share capital

The Company's authorized, issued and paid-up share capital comprise of 350,000,000 shares of ﷲ 10 each amounting to ﷲ 3,500,000,000.

20 Statutory reserve

On 14 May 2024, the Company's General Assembly approved amending the Company's by-laws to comply with the New Companies' Law issued on 1 Dhul-Hijjah 1443 H (corresponding to 30 June 2022), whereby Article No. 51 of the bylaws relating to the statutory reserve was amended. Based on the recommendation of the Board of Directors, the Company's General Assembly agreed to transfer the balance of the statutory reserve amounting to ﷲ 1,050 million as in the consolidated financial statements for the year ended 31 December 2023 to the retained earnings balance.



21 Dividend distribution

During the year ended 31 December 2025, the Board of Directors resolved to distribute interim dividends of ₪ 1,662,500,000 at ₪ 4.75 per share representing 47.5% of the nominal value of the share (31 December 2024: interim dividends of ₪ 1,641,500,000 at ₪ 4.69 per share representing 46.9% of the nominal value of the share) as follows:

- On 15 February 2025, the Board of Directors resolved to distribute interim dividends of ₪ 430,500,000 at ₪ 1.23 per share (representing 12.3% of the nominal value of the share) for the 4th quarter of 2024, based on the authorization to distribute interim dividends to the shareholders, quarterly or semi-annually, for the fiscal year 2024 which was granted to the Board of Directors by the Extraordinary General Assembly which was held on Tuesday 6 Dhu al-Qi'dah 1445H (corresponding to 14 May 2024).
- On 3 May 2025, the Board of Directors resolved to distribute interim dividends of ₪ 392,000,000 at ₪ 1.12 per share (representing 11.2% of the nominal value of the share) for the 1st quarter of 2025, based on the authorization to distribute interim dividends to the shareholders, quarterly or semi-annually, for the fiscal year 2025 which was granted to the Board of Directors by the Ordinary General Assembly which was held on Wednesday 3 Jamada Al-Thani 1446H (corresponding to 4 December 2024).
- On 26 July 2025, the Board of Directors resolved to distribute interim dividends of ₪ 416,500,000 at ₪ 1.19 per share (representing 11.9% of the nominal value of the share) for the 2nd quarter of 2025, based on the authorization to distribute interim dividends to the shareholders, quarterly or semi-annually, for the fiscal year 2025 which was granted to the Board of Directors by the Ordinary General Assembly which was held on Sunday 6 Dhu al-Qi'dah 1446H (corresponding to 4 May 2025).
- On 25 October 2025, the Board of Directors resolved to distribute interim dividends of ₪ 423,500,000 at ₪ 1.21 per share (representing 12.1% of the nominal value of the share) for the 3rd quarter of 2025, based on the authorization to distribute interim dividends to the shareholders, quarterly or semi-annually, for the fiscal year 2025 which was granted to the Board of Directors by the Ordinary General Assembly which was held on Sunday 6 Dhu al-Qi'dah 1446H (corresponding to 4 May 2025).

22 Selling and marketing expenses

	For the year ended	
	31 December 2025	31 December 2024
	₪	₪
Allowance for expected credit losses (note 8)	140,663,272	280,974,516
Employees' salaries, wages and other related benefits	153,778,657	122,633,709
Promotion and advertisement	73,136,877	42,046,095
Outsource Workforce	24,622,890	17,727,327
Rent	8,782,277	9,106,695
Licenses and government fees	11,290,371	9,040,215
Depreciation (note 12)	10,737,186	4,162,079
Others	9,460,459	10,039,985
	432,471,989	495,730,621



23 General and administrative expenses

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Employees' salaries, wages and other related benefits	576,260,347	466,021,631
Remuneration and incentive	165,507,001	153,426,963
Depreciation (note 12)	124,815,335	69,313,600
Fees and subscriptions	41,790,194	26,780,369
Licenses and government fees	28,394,469	23,485,718
Repair and maintenance	13,226,183	14,550,540
Consultation and professional fees	13,003,964	18,497,870
Housekeeping	39,736,009	23,716,194
Utilities and communication	29,971,982	19,409,030
Bank charges and commissions	20,289,656	16,770,819
Rent	31,649,817	15,883,248
Travel expenses	15,228,652	11,161,520
Others	55,679,780	33,249,016
	1,155,553,389	892,266,518

24 Finance costs

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Related to long-term loan	321,088,034	150,687,756
Related to lease liability	17,711,984	12,075,229
	338,800,018	162,762,985

25 Other income

	For the year ended	
	31 December 2025	31 December 2024
	ﷲ	ﷲ
Islamic Murabaha time deposits, Mudaraba Sukuk income	52,713,251	56,757,196
HRDF receipts	80,868,009	46,778,071
Disposal of investment in an associate (Tamkeen IPO)	-	43,677,806
Rental income	17,963,342	13,825,348
Others	64,803,893	37,329,608
	216,348,495	198,368,029

26 Earnings per share

Basic and diluted earnings per share ("EPS") is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is the same as the regular or basic earnings per share as the Group does not have any convertible securities or diluted instruments to exercise.



26 Earnings per share (continued)

The following table reflects the profit for the year attributable to equity holders of the parent Company and share data used in the basic and diluted EPS computations:

	31 December 2025	31 December 2024
	ﷲ	ﷲ
Profit for the year attributable to equity holders of the parent Company	2,401,470,273	2,315,290,800
Weighted average number of ordinary shares	350,000,000	350,000,000
Basic and diluted earnings per share from profit for the year attributable to equity holders of the parent Company	6.86	6.62

27 Commitments and contingencies

Capital commitments

The Group has capital commitment mainly for both expansions and projects under construction, as follows:

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Capital commitments	781,762,817	1,564,724,722

Letter of credits and guarantees

The Group has guarantees related to, as follows:

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Letters of credit	69,142,430	166,804,861
Letters of guarantee	176,321,548	178,449,937
	245,463,978	345,254,798

28 Financial assets and liabilities

28.1 Long-term borrowings

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Current-portion of loans and borrowings:		
Loans from local banks (i)	61,835,713	61,835,713
Loans from Ministry of Finance (ii)	34,203,406	34,203,406
	96,039,119	96,039,119
Non-current portion of loans and borrowings:		
Loans from local banks (i)	8,477,183,551	7,375,526,921
Loans from Ministry of Finance (ii)	257,382,769	286,404,110
	8,734,566,320	7,661,931,031



28 Financial assets and liabilities (continued)

28.1 Long-term borrowings (continued)

i) Loans from local banks

The Group is financed through Islamic facilities in the form of long-term and short-term loans (Murabaha / Tawarruq) from local banks. These facilities are subject to commission rates based on Saudi Arabia Interbank Offered Rate "SAIBOR" plus an agreed margin. The facilities are secured by corporate promissory notes.

Aggregate maturities of loans from local banks are as follows:

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Within one year	61,835,713	61,835,713
One to five years	3,401,403,375	1,614,685,702
More than five years	5,075,780,176	5,760,841,219
	8,539,019,264	7,437,362,634

ii) Loans from Ministry of Finance (MoF)

The Group's long-term financing includes MoF non-interest-bearing loans to finance the capital expenditures related to the Company and its subsidiaries. The loan repayment instalments are settled on equal yearly installments. Certain assets are pledged against the loans obtained from the MoF (note 12).

Aggregate maturities of loans from MoF are as follows:

	As of 31 December 2025	As of 31 December 2024
	ﷲ	ﷲ
Within one year	34,203,406	34,203,406
One to five years	83,667,918	98,965,252
More than five years	173,714,851	187,438,858
	291,586,175	320,607,516

28.2 Lease liabilities

	For the year ended 31 December 2025	31 December 2024
	ﷲ	ﷲ
Balance at the beginning of the year	407,499,418	277,114,876
Additions during the year	183,028,871	222,283,032
Disposal, net	(4,468,678)	(19,031,584)
Payments	(112,031,465)	(72,866,906)
Balance at the end of the year	474,028,146	407,499,418



28 Financial assets and liabilities (continued)

28.2 Lease liabilities (continued)

Following is the aggregate maturities of lease liabilities:

	As of 31 December 2025 ﷲ	As of 31 December 2024 ﷲ
Within one year	119,005,746	90,224,475
One to five years	246,558,495	206,424,660
More than five years	252,281,059	231,653,269
	617,845,300	528,302,404
	As of 31 December 2025 ﷲ	As of 31 December 2024 ﷲ
Future minimum lease payment	617,845,300	528,302,404
Less: un-amortized finance costs	(143,817,154)	(120,802,986)
Present value of minimum lease payment	474,028,146	407,499,418
Less: current portion of lease payment	(100,341,908)	(74,337,595)
	373,686,238	333,161,823

Majority of the lease contracts relate to leased buildings for the Group's employee accommodation, in addition to administrative offices lease contracts.

28.3 Risk management

The Group's principal financial liabilities mainly comprise long-term loans, accounts payable, amounts due to related parties, accruals and other liabilities and zakat payable. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include accounts receivable, cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not engage into hedging activities.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commission rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial instruments affected by market risk include loan.

Commission rate risk

Commission rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market commission rates. The Group's exposure to the risk of changes in market commission rates relates primarily to the Group's long-term borrowings and short-term murabaha Islamic deposits with floating commission rates. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates.



28 Financial assets and liabilities (continued)

28.3 Risk management (continued)

Commission rate risk (continued)

The Group analyzes its commission rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of defined markup shift. For each simulation, the same markup rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major markup-bearing positions. The Group is not exposed to any significant commission rate risk.

Currency risk

It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. As the Saudi Riyal is pegged to US Dollar, the Group does not have significant exposure to currency risk.

Credit risk

Credit risk is the risk a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk on its cash and cash equivalents, short-term murabaha Islamic deposits and accounts receivables as follows:

	As of 31 December 2025 ﷲ	As of 31 December 2024 ﷲ
Financial assets held at amortised cost		
Accounts receivable	1,622,406,728	1,110,377,832
Short-term murabaha Islamic deposits with banks	1,610,910,638	952,216,083
Cash at banks	653,789,681	1,919,658,591
	3,887,107,047	3,982,252,506
Other assets subject to credit risk exposure		
Contract asset	56,484,765	70,837,896

Accounts receivable

Receivables credit risk is managed subject to the Group's established policy, procedures and control defined to mitigate the credit risk. Receivables of the Group comprise primarily of Insurance Companies, Government and its related ministries and others.

An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual historical data. The Group evaluates the concentration of risk with respect to receivables as low, as its customers are located mainly in Saudi Arabia, and minor portion of customers in GCC.

Short-term murabaha Islamic deposits with banks and cash at banks

Credit risk from balances with banks and financial institution is managed by the Group's treasury department in accordance with the Group's policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks.

At the reporting date, no significant concentration of credit risk were identified by the management.



28 Financial assets and liabilities (continued)

28.3 Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis.

The management has developed policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the Group maintains sufficient liquidity. Senior management continuously reviews information on the Group's liquidity developments.

The Group has established a robust mechanism for its cash management ensuring the best use of available cash resources. This requires organizing the collection and disbursement systems in such a way as to maximize the investment of idle funds through short-term Murabaha Islamic deposits while limiting the borrowings of funds and ensuring availability of the facilities to run its operations.

The Group's terms of services revenue require amounts to be paid within 30-45 days of the date of submitting the claim. Trade payables are normally settled within 60 to 120 days of the date of purchase.

The table below summarizes the maturities of the Company's financial liabilities at 31 December, based on contractual payment dates and current market interest rates:

As at 31 December 2025					
⌘	On demand	Within one year	One to five years	More than five years	Total
Long-term loans (with finance cost)	-	575,241,703	5,044,276,635	6,344,577,278	11,964,095,616
Accounts payable	2,015,293,259	-	-	-	2,015,293,259
Accruals and other liabilities	2,411,307,826	-	-	-	2,411,307,826
Lease liability	-	119,005,746	246,558,495	252,281,059	617,845,300
	4,426,601,085	694,247,449	5,290,835,130	6,596,858,337	17,008,542,001

As at 31 December 2024					
⌘	On demand	Within one year	One to five years	More than five years	Total
Long-term loans (with finance cost)	-	555,500,804	3,241,099,457	7,484,073,790	11,280,674,051
Accounts payable	1,839,938,621	-	-	-	1,839,938,621
Accruals and other liabilities	2,003,645,400	-	-	-	2,003,645,400
Lease liability	-	90,224,475	206,424,660	231,653,269	528,302,404
	3,843,584,021	645,725,279	3,447,524,117	7,715,727,059	15,652,560,476

29 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio 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 economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors its capital structure using the debt-to-equity ratio. For this purpose, debt comprises, Islamic financing facilities, financing obtained from the Ministry of Finance, and lease liabilities. The Group maintains a balanced capital structure consistent with a moderate risk profile. Operating cash flows are primarily utilized to fund expansions and support future growth.



30 Fair values

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and cash equivalents and accounts receivable, Investments in equity instruments – Islamic Sukuk, contract assets and others. Financial liabilities consist of long-term loans, accounts payable, accruals and other liabilities.

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of financial instruments are not materially different from their carrying values at reporting date.

31 Subsequent events

In the opinion of management, no significant subsequent events have occurred subsequent since 31 December 2025 that would have a material impact on the financial position or financial performance of the Group.

32 Approval of consolidated financial statements

The consolidated financial statements of the Group for the year ended 31 December 2025 were approved for issuance by the Board of Directors on 26th Shaban 1447 H (corresponding to 14th February 2026).