

ANNUAL REPORT

2025



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COMPANY AT A GLANCE

EMPOWERING WELLNESS, EVERY DAY

Al Dawaa Medical Services Company (DMSCO) is one of Saudi Arabia's leading healthcare organizations, dedicated to expanding access to reliable, patient centered healthcare across the Kingdom. Since its establishment in 1993, DMSCO has evolved into a diversified healthcare operator with business segments spanning retail pharmacy, pharmaceutical distribution, healthcare logistics, medical device manufacturing, and integrated care solutions.



GOOD HEALTH STARTS AT DMSCO

Headquartered in Al Khobar, DMSCO operates more than 975+ pharmacies across 145+ cities in all administrative regions of Saudi Arabia. Serving over 70 million customers annually, an average of 200,000 daily visitors, the company maintains a strong market presence positioning it among the Kingdom's leading pharmacy retail chains.



-  An extensive network of 975+ retail pharmacies spread across KSA
-  Over 200,000 customer visits per day
-  Presence in 145+ cities and 13 administrative regions across Saudi Arabia and 1 retail pharmacy in Kingdom of Bahrain
-  Serving 70+ million customer visits annually



PROCEED Healthcare manages **900+** vehicles dispatching **8,300** shipments daily



PREMI is ISO-certified with Saudi Made Gold label



23,000+ products across **2,000+** brands



Serving **13+** Pharmaceutical Primary Care Clinics



12M+ ARBAHI active customers with **700,000** newly registered in 2025



A trusted provider of **prescription** dispensing services in KSA



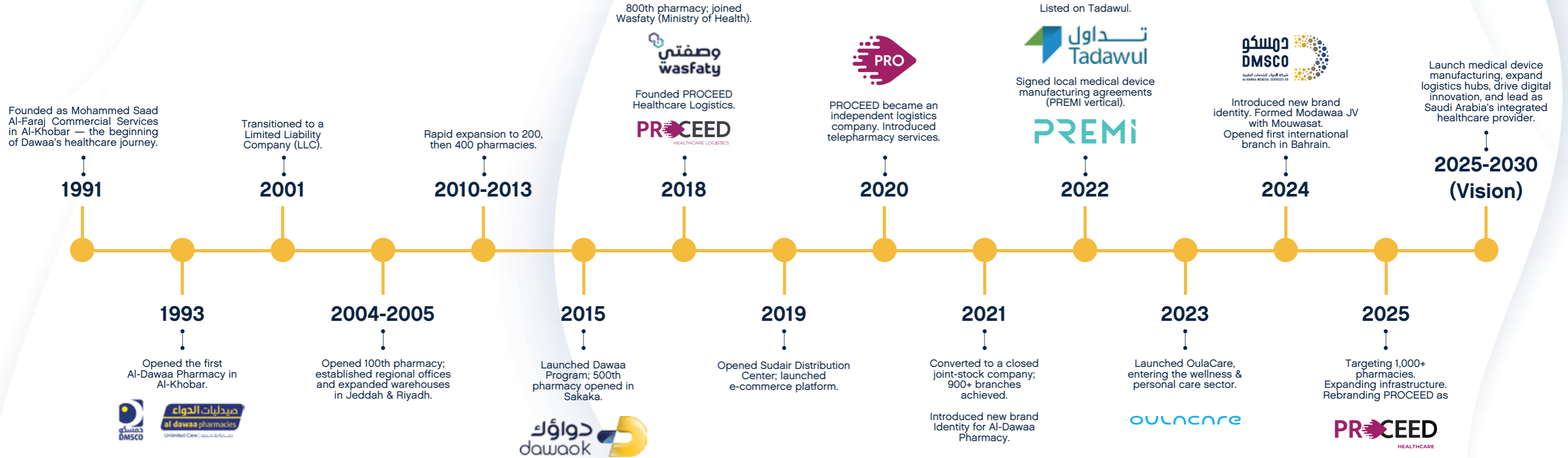
78,000+ pallets across dry, ambient, chilled & frozen



PREMI obtained the Saudi Made Golden Tier manufacturer

17+ YEARS OF LOYALTY PROGRAM WITH A CUSTOMER BASE OF 12M+

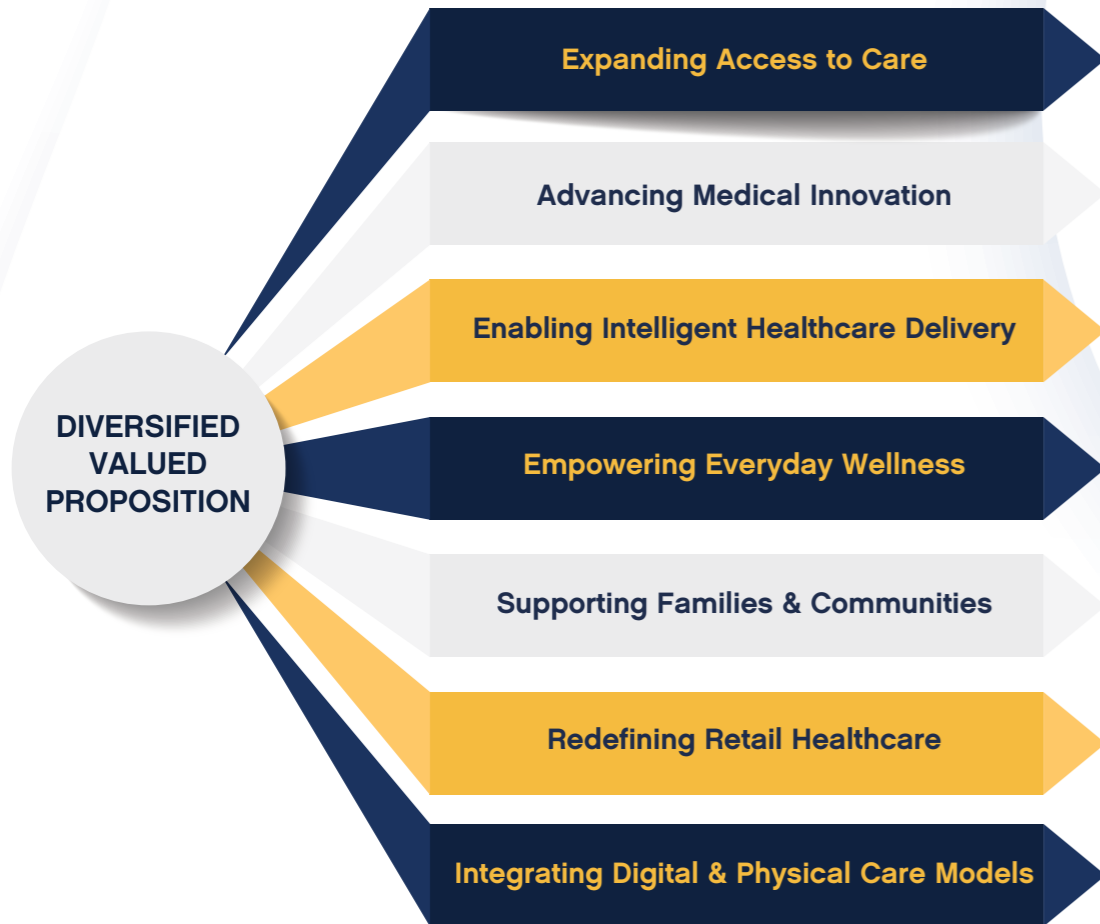
OUR EVOLUTION



OUR OFFERINGS

DMSCO offers a diverse range of value-based offerings and services to its partners and customers across the GCC.

DIVERSIFIED VALUED PROPOSITION



VISION

We aim to become Saudi Arabia's preeminent healthcare provider by developing fully integrated care systems that ensure equitable access to high quality medical services nationwide, strengthening community health and enhancing patients' quality of life.

MISSION

In addition to delivering unmatched services, we are committed to expanding equitable healthcare access by leveraging a unified digital ecosystem that seamlessly connects pharmacy operations, distribution channels, and healthcare facilities, supporting the objectives of Saudi Arabia's Vision 2030 by advancing healthcare transformation, improving service accessibility, and enhancing patient outcomes across the Kingdom.

OUR VALUES

D M S C O

DIVERSITY

we embrace inclusion and diverse perspectives to strengthen our organization and the communities we serve.

MASTERY

we pursue excellence through deep expertise, superior quality, and continuous improvement.

SUSTAINABILITY

we are committed to long-term environmental, social, and economic responsibility.

COLLABORATION

we cultivate strong partnerships across the healthcare ecosystem to drive shared success.

OWNERSHIP

we act with accountability, integrity, and responsibility in every aspect of our work.

OUR PURPOSE

Our prime objective is to expand our reach across the nation with the aim of:



OUR STRENGTHS

- INDUSTRY LEADERSHIP** Market-leading retail chain in Saudi Arabia, excelling in prescription dispensing
- MARKET SHARE** A strong market presence that reinforces our leadership in healthcare
- ADVANCED SOLUTIONS** Best-in-class, centralized dispensing solutions
- GLOBAL REACH** A network of 975+ stores across 145+ cities and 1 store in Bahrain PH with a significant national footprint
- EXPERTISE** Over 6,500 skilled professionals across various specialties
- SPECIALIZED WAREHOUSES** Large footprint of 9 regional warehouses across the KSA with advanced storage capabilities catered for healthcare products
- LARGE FEET BASE** DMSCO manages over 900+ vehicles with over 3,000+ shipments dispatched daily across 136+ access points in primary and secondary cities
- STATE-OF-THE ART MEDICAL DEVICES** Over 30 years of experience, DMSCO are trusted manufacturers of advanced medical devices, ranging from vital signs monitoring to home care devices
- GLOBAL TRUST & PARTNERSHIPS** Trusted by leading global healthcare brands and manufacturers

OUR BUSINESS VERTICALS



DMSCO  **دهسكو**

OUR ROLE IN THE TRANSFORMATION OF SAUDI ARABIA'S HEALTHCARE SYSTEMS

Technology and Innovation

We are building an innovation-driven healthcare system with resilient, high-quality healthcare services.

Sustainability Initiatives

We are contributing towards reducing the environmental impact and preparing for the challenges of climate change with healthcare.

 **الدواء** al-dawaa

- Omnichannel retailer
- 960+ stores
- 136 cities
- Advanced best-in-class dispensing solutions
- 22 Outpatient Hospital Pharmacies
- CHI Top Pharmacy Healthcare Provider in 2025
- Dawaok – Advanced Pharmacist-led Chronic Management Service

PROCEED
HEALTHCARE

- Specialized and dedicated healthcare
- Delivering exceptional end-to-end supply chain solutions
- Offering expertise in healthcare logistics
- Ensuring reliability of service delivery
- National distribution network serving 5,500+ physical points
- Operating 130,000 m2 Sudair Hub and nine regional warehouses
- Fully compliant distribution infrastructure with 99.8% on-time availability and 900+ vehicle fleet

Distribution

Pharmaceutical and FMCG Distribution

- Successfully increasing the number of active customers
- Achieving substantial growth in sales volume
- Expanding business and sales with key customers
- Establishing strategic distribution partnerships

PREMi

- 84.96% local content certification
- Vital signs devices
- Patient monitor devices
- ECG devices
- CTG devices
- Home care devices
- MEQ relies on sustainable performance through enhanced technologies
- MEQ focuses to strengthen its care delivery through collaborating with stakeholders

oulncare

- Telemedicine solutions
- Chronic disease management
- Centralized dispensing solutions
- Lab solutions with sample collection sites across the country
- Primary care solutions

 **مداواة ورعاية** Modawaa & Rieaya

- Joint venture between Al-Dawaa Medical Services Company and Al-Mouwasat Medical Services Company that DMSCO owns 49%
- Supporting the development of community-based medical centers
- Leveraging the shareholders' respective healthcare capabilities
- First Modawaa Medical Center started operations in Madinah in 2025
- Additional locations under consideration in line with the company's development plans

OVERVIEW

DMSCO is committed to advancing Saudi Arabia's Vision 2030 by enhancing accessibility to healthcare through its integrated services.

Through Healthcare Solutions, DMSCO contributes to improving patient care and operational efficiency, aligning with the Kingdom's goal of elevating healthcare standards.

Al-Dawaa Pharmacies, supported by its extensive nationwide network, plays a pivotal role in expanding access to healthcare services and enhancing patient reach across the Kingdom.

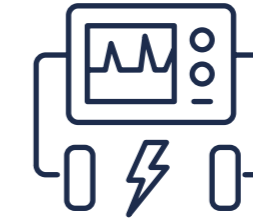
PREMI Medical Devices Factory plays a vital role in localizing medical equipment manufacturing, and fostering innovation in the sector.

Meanwhile, PROCEED Healthcare ensures the seamless distribution and storage of medical products, supporting the Kingdom's efforts to build a robust and efficient healthcare supply chain. Together, these services position DMSCO as a key enabler of Saudi Arabia's healthcare transformation, reinforcing sustainability, self-sufficiency, and excellence in medical services.

VISION 2030



Healthcare Solution



PREMI Medical Device Factory



PROCEED Healthcare



OVERVIEW
**OUR
SERVICES**



OVERVIEW

DMSCO



DMSCO SERVICES

DMSCO delivers a wide and integrated range of healthcare services designed to improve accessibility, efficiency, and patient outcomes across the healthcare value chain.

PHARMACEUTICAL & FMCG DISTRIBUTION

Through an integrated network of central and regional warehouses, DMSCO delivers comprehensive pharmaceutical and FMCG distribution solutions enhanced by advanced inventory and supply chain technologies.

RETAIL PHARMACY SERVICES

DMSCO operates one of the Kingdom's largest pharmacy networks under its Al-Dawaa Pharmacies chain offering healthcare services through physical stores and digital platforms in addition to advanced prescription dispensing solutions, pharmacist-led primary care clinics, chronic disease management programs, and telemedicine services.



Retail Pharmacy Achievements in 2025

In 2025, Al-Dawaa Pharmacies continued to strengthen its leadership position within the Kingdom's retail healthcare landscape. Through network expansion, digital enhancement, and service diversification, the pharmacy segment reinforced its commitment to accessibility, patient-centered care, and operational excellence across.

Key achievements include:

- Expanded Al-Dawaa pharmacy network through new store openings across strategic regions in the Kingdom and Bahrain, increasing patient reach and market penetration.
- Strengthened digital pharmacy operations, enhancing e-commerce integration and improving prescription dispensing efficiency.
- Expanded pharmacist-led clinical services, including chronic disease management programs and preventive care initiatives.
- Enhanced in-store healthcare offerings such as vaccination services, health screenings, and telemedicine-enabled consultations.
- Improved product availability and inventory optimization through closer integration with PROCEED Healthcare's distribution network.

Continued investment in workforce training and customer experience initiatives to elevate service quality across the network.

HOUSE BRAND

The House Brand and Private Label portfolio represents a core strategic pillar for Al-Dawaa, acting as a key driver of revenue growth, margin expansion, and long-term value creation.

In 2025, the segment delivered strong performance, achieving 31% year-on-year growth, with total sales reaching SAR 710.8 million, compared to SAR 540.8 million in 2024. This performance generated an incremental value of approximately SAR 170.9 million reflecting strong execution discipline and consistent delivery across all quarters.

From a profitability perspective, the House Brand portfolio continues to play a critical role in enhancing the Company's financial performance. Furthermore, the contribution of House Brands to the Company's overall gross margin increased by 14% year-on-year, reinforcing its position as a key driver of margin expansion and sustainable earnings growth. This was supported by improved sourcing efficiency, optimized cost structures, and a higher-margin product mix compared to external brands.

Al-Dawaa maintains full ownership of its Trademarks across both pharmaceutical (Rx & OTC) and non-pharmaceutical categories (Wellness, Baby, Personal & Beauty Care). This ownership enables full control over product development, pricing strategies, and supply chain integration, while enhancing flexibility, accelerating innovation, and strengthening long-term profitability.

The Company continues to expand its Private Label portfolio through accelerated product launches, strengthened regulatory capabilities, and data-driven category optimization, positioning House Brands as a primary lever for margin enhancement .

OWN BRANDS PHARMACEUTICAL & HERBAL DOSSIERS OWNERSHIP

In addition to its House Brand portfolio, Al-Dawaa has strategically invested in the ownership of pharmaceutical and herbal product dossiers, strengthening its position across both regulated and wellness segments.

The Company owns a growing portfolio of pharmaceutical dossiers (Rx & OTC) as well as herbal and nutraceutical formulations, enabling exclusive commercialization rights and long-term control over key product pipelines.

This ownership structure significantly enhances Al-Dawaa's intangible asset base, supporting sustainable value creation through:

- Exclusive market positioning and reduced competitive exposure
- Higher margin realization through elimination of intermediary dependencies
- Long-term revenue visibility from controlled product lifecycles
- Strengthened regulatory and product development capabilities

As a result, the Company continues to build a scalable and defensible portfolio of intellectual property-driven assets, reinforcing its competitive advantage and supporting long-term profitability growth.

OVERVIEW

Key achievements include:

- Delivered strong and consistent year-on-year revenue expansion across the House Brand portfolio, supporting diversified growth across brands and categories.
- Accelerated Private Label expansion, positioning it as a high-margin, value-accretive segment and strengthening differentiation versus national brands.
- Maintained stable performance of Ronzac as a mature anchor brand, ensuring predictable revenue streams and reduced earnings volatility.
- Achieved double-digit profitability growth across the House Brand segment, enhancing margin structure and operating leverage.
- Secured regulatory leadership in Pharma Private Label through successful SFDA registrations, reinforcing credibility and unlocking higher-margin pharmaceutical opportunities.

INSURANCE

Al-Dawaa accelerated customer acquisition across insurance channels, driving strong and sustainable growth across all insurance topline indicators. This was reflected in an annual increase in insured customers exceeding 24%, highlighting the Company's ability to expand its reach and capture growing demand within the insured healthcare segment.

The Company also delivered exceptional year-on-year performance across the insurance business, achieving growth of over 30% with major insurance providers and 8% with third-party administrators (TPAs). This performance was driven by an effective go-to-market strategy and deep integration with insurance partners, strengthening Al-Dawaa's position as a preferred pharmacy network within the

Key achievements include:

- Accelerated customer acquisition across insurance channels, driving strong and sustainable growth across all insurance topline indicators.
- Delivered exceptional year-on-year insurance performance through an effective go-to-market strategy and deep integration with insurance partners.
- Expanded the pharmacy network within hospitals and polyclinics, strengthening presence across key healthcare touchpoints.
- Successfully launched 17 new pharmacy branches in prime healthcare locations across the Kingdom.
- Advanced the ERX Project as a transformative initiative integrating pharmacy services within major healthcare facilities.

OVERVIEW

PROCUREMENT

In 2025, Al-Dawaa's Procurement function continued to strengthen supply continuity, governance, and cost efficiency, while supporting key enterprise-wide healthcare initiatives. Through risk management enhancements, digital enablement, and supplier collaboration, Procurement played a critical role in ensuring operational resilience and enabling scalable growth.

Key achievements include:

- Enhanced risk management and ensured supply continuity through supplier diversification, alternative logistics routing, and contingency frameworks.
- Achieved improved financial outcomes through strategic re-sourcing and contract renegotiations.
- Accelerated digital procurement transformation by automating procure-to-pay processes and reducing manual workload.
- Expanded local sourcing initiatives under the "Made in Saudi" framework.
- Supported Wasfaty transformation through advanced stock control, sales tracking dashboards, and demand-aligned inventory planning.

CATEGORY

In 2025, Al-Dawaa continued to strengthen category performance through targeted portfolio expansion, disciplined category execution, and enhanced customer engagement across priority segments.

Key achievements include:

- Strengthened Pharma leadership in chronic care and innovative therapies through high-impact awareness initiatives and exclusive product launches across key therapeutic areas.
- Executed inventory optimization and replenishment programs that improved product availability and reduced stock-out exposure across Pharma.
- Expanded CNS and other strategic therapeutic portfolios to strengthen Pharma category depth.
- Successfully scaled the Nutra-RX initiative as a core growth pillar within Health & Wellness.
- Accelerated Personal & Beauty Care expansion through strategic bundles and co-branded activations with leading beauty and derma brands.





HEALTHCARE LOGISTICS / DISTRIBUTION

PROCEED Healthcare Logistics offers specialized healthcare 3PL services including cold-chain management, warehousing, fulfillment, last-mile delivery, and cross-border logistics.

Logistically speaking, the PROCEED Healthcare system provides modern storage facilities and temperature-controlled transportation systems through its Sudair Mega Hub and additional facilities across the Kingdom, which ensure complete storage and delivery throughout the country. As for its operations, they are supported by automated systems, temperature-controlled environments as well as being aligned with SFDA standards.

PROCEED Healthcare operates as an end-to-end supply chain system which provides secure product transportation services for pharmaceuticals, medical devices and healthcare supplies between public and private sector organizations. Moreover, it supports its distribution model through the usage of modern inventory management systems and tracking solutions, which provide better supply chain visibility, service reliability and inventory accuracy.

As for the distribution segment of PROCEED Healthcare, it represents the core operational hub, which enables DMSCO to execute its entire value chain. PROCEED Healthcare offers pharmaceutical and healthcare product availability to more than 6,500 accounts, including hospitals, clinics, pharmacies and modern trade channels throughout the entire country. The company uses its alliances with major manufacturers and national procurement systems and Al-Dawaa retail distribution network to expand its market presence.



OVERVIEW

PROCEED Healthcare Distribution is a national distribution network that serves 5,500+ physical points of care across pharmacy, hospital, and healthcare provider channels across the entire Kingdom of Saudi Arabia. Our network comprises the 130,000 m² MENA-regional Sudair Hub and nine regional warehouses, offering unparalleled coverage across all markets. Our 6,000+ daily deliveries, smart warehouse automation, robotics, and real-time visibility dashboards all contribute to the resilience and efficiency of our network to ensure continuous product availability across all our markets.

PROCEED's Medical Devices and Plasma Distribution Unit is expanding its services to more hospitals and clinics, reaching over 700+ sites with the addition of 4,500+ medical devices at 4 fully certified service centers. The distribution operations are supported by a fleet of 900+ vehicles and smart infrastructure, ensuring 99.8% on-time availability of the devices. The distribution center is fully compliant with ISO 9001, ISO 13485, GDP, HACCP, SFDA, MOH, MOT, and WASL, thus fully replicating a state-of-the-art distribution network. The SAP/ERP networks provide real-time visibility and planning capabilities for the devices and the inventory.

By combining infrastructure strength, regulatory compliance, strategic partnerships, and integrated distribution capabilities, PROCEED Healthcare continues to enhance healthcare accessibility, system resilience, and operational efficiency across Saudi Arabia.

COMPETITIVE STRENGTHS OF PROCEED HEALTHCARE LOGISTICS

End-to-End Cold Chain Capabilities

PROCEED Healthcare provides complete cold chain solutions, which protect pharmaceutical and healthcare products from the time they enter the supply chain until they reach their destination. The organization bases its operations on three core principles: Quality, safety, and regulatory compliance.

Advanced Operational Infrastructure

PROCEED Healthcare uses state-of-the-art technologies to run its operations. Additionally, to enhance efficiency, accuracy, and scalability, PROCEED Healthcare relies on automated warehouses, well-equipped storage facilities, and streamlined picking and handling systems.

HEALTHCARE LOGISTICS / DISTRIBUTION

PROCEED Healthcare's specialized team brings extensive experience in healthcare logistics, ensuring reliable handling of pharmaceutical and medical products.

Strategic Industry Partnerships

PROCEED Healthcare benefits from strong strategic alliances with key pharmaceutical stakeholders in Saudi Arabia. These partnerships reinforce service reliability, distribution strength, and long-term ecosystem collaboration.

PROCEED Healthcare Achievements in 2025

In 2025, PROCEED Healthcare continued to expand and strengthen its healthcare logistics and distribution platform through disciplined operational scaling, strategic partnerships, and new 3PL activations across key regions. The year was marked by controlled network expansion, enhanced service reliability, and improved operational stability.



PREMI

MEDICAL DEVICE MANUFACTURING

Under PREMI Medical Device Factory, DMSCO develops a range of medical devices including vital signs monitors, patient monitors, ECG, CTG, home-care solutions and IoT-enabled healthcare technologies.

PREMI Achievements in 2025

In 2025, PREMI Medical Device Factory advanced its manufacturing capabilities, localization agenda, and product portfolio expansion in alignment with Vision 2030 and national healthcare priorities. The year marked a transition from pilot-scale production to stable mass manufacturing.

Key achievements include:

- Successfully launched the first and second waves of 11 Premi Homecare Devices at Al-Dawaa Pharmacies.
- Achieved first and second mass production runs of Premi devices (1,011 units with <4% defect rate and 1,287 units with <2% defect rate).
- Secured multiple NUPCO tenders, including General Equipment (NPT0022/24), ICU (NPT0021/25), and Home Care (NPT0034/24).
- PREMI devices listed in Local Content Authority Mandatory list (Four item in NUPCO tender).
- Signed a localization agreement with the Local Content Authority for AED/Defibrillator manufacturing and renewed the Local Content Certificate with a score of 84.96%, strengthening compliance and localization positioning under Vision 2030.
- Initiated and advanced partnerships with local raw material suppliers (Pioneers Systems, PIESCO, Diana Medical) to localize the supply chain and reduce import dependency.
- Expanded clinical validation and institutional engagement through evaluations at King Fahad Medical City and King Saud Medical City, supporting product adoption and government stakeholder engagement.

OVERVIEW



MODAWAA

Modawaa and Rieaya Medical Company Limited was established as a joint venture between Al-Dawaa Medical Services Company and Al-Mouwasat Medical Services Company to support the development of community-based medical centers in alignment with the Saudi Model of Care. The initiative brings together Al-Dawaa's wide retail healthcare network with Al-Mouwasat's clinical operational expertise to create a partnership-based system which provides full primary care services and monitors patient experiences.

Modawaa Achievements in 2025

In 2025, Modawaa advanced its phased rollout of community-based medical centers, marking the transition from planning to operational execution.

Key milestones include:

- Commenced operations of the first Modawaa Medical Center in Madinah, expanding access to integrated primary care services through a partnership-led model. Continued preparatory work for additional locations under consideration in line with
- the Company's development plans.

OULACARE

OULACARE

The OulaCare Solutions Company launched its operations in 2022 to support Al-Dawaa Medical Services Company build an integrated healthcare system that focuses on patient needs. The platform works to create healthcare solutions which support different care delivery approaches for preventive health screening, primary care, diagnostic services, telehealth and homecare services. OulaCare uses strategic business partnerships to expand its operations, which enables DMSCO to deliver healthcare services to customers through its current retail pharmacy network.

OulaCare Achievements in 2025

- Advanced the rollout of ecosystem-based initiatives, including in-pharmacy clinics, virtual consultation hubs, diagnostic sample collection services...
- Advanced the Modawaa initiative in collaboration with Al-Mouwasat Medical Services, focusing on integrated primary care and structured patient journey management.
- Supported the opening of Modawaa Medical Center in Madinah in October 2025.



OVERVIEW
**OUR
GEOGRAPHICAL
PRESENCE**



OVERVIEW



PHARMACIES STORES BREAK-UP



SEGMENTATION OF OUR STORES

23
Dark Stores

952
Community Pharmacies

SEGMENTATION OF OUR STORES

DMSCO delivers nationwide healthcare coverage, serving 145+ cities across all regions of Saudi Arabia. DMSCO delivers pharmacy services via an integrated ecosystem of pharmacy outlets, logistics infrastructure, and healthcare facilities, ensuring seamless nationwide coverage that reaches major cities, emerging urban areas, and remote communities across the Kingdom and beyond Bahrain PH.

Our extensive retail network is supported by a state of the art digital and logistics infrastructure, including a highly automated fulfilment center in Sudair, where approximately 95% of operations are automated.

Al-Dawaa operates over 975+ retail pharmacies in 145+ cities across Saudi Arabia and 1 retail pharmacy in kingdom of Bahrain. It witnessed an expanding presence in 2025 through the opening of 51 new pharmacies.

PHARMACIES	NUMBER
North	122
East	379
Central	263
West	101
South	109
Bahrain	1
Total Pharmacies	975
Clinics and Outpatient Pharmacies	31

OVERVIEW

CHAIRMAN'S & CEO'S MESSAGES





Samir Mahmoud Fayyad Abdulhadi

Chairman of the Board of Directors
Al-Dawaa Medical Services Company

CHAIRMAN'S MESSAGE

DEAR VALUED SHAREHOLDERS,

It is my honor to present to you the 2025 Annual Report of Al-Dawaa Medical Services Company, which highlights our achievements in healthcare service delivery and reflects our continued commitment to supporting the Kingdom in building a resilient and advanced healthcare infrastructure.

Throughout the year, DMSCO remained fully aligned with the Kingdom's Vision 2030 and the Health Sector Transformation Program, while strengthening its role as a trusted healthcare partner to the nation. Our core objective continues to be the enhancement of healthcare accessibility and resilience, alongside the development of an integrated, customer-centric healthcare system across the Kingdom.

DMSCO further expanded its diversified healthcare platform by building upon its existing infrastructure developed in previous years. Today, the Company delivers integrated services encompassing pharmacy operations, logistics and distribution, medical device manufacturing, and community healthcare solutions, providing comprehensive and seamless care to customers, healthcare providers, and business partners alike.

The Board of Directors remains confident in and supportive of DMSCO's current strategic direction, which we will continue to pursue. We also rely on a stable and robust operational framework that underpins our national healthcare mission and generates sustainable, long-term value for our investors and all stakeholders.

Sincerely,



Mohammed Saad Butti Al-Farraj

Chief Executive Officer
Al-Dawaa Medical Services Company

CEO'S MESSAGE

DEAR VALUED SHAREHOLDERS,

At DMSCO, our values are grounded in our fundamental yet powerful belief: Access to quality healthcare should be assured, integrated, and customer-centric. In 2025, this belief continued to guide our strategy and execution as we strengthened our position within Saudi Arabia's rapidly evolving healthcare landscape.

Our primary objective for the year was to reinforce market leadership across our core business areas by remaining true to our organizational values. This focus enabled us to enhance operational efficiency, ultimately translating into improved quality of care and better outcomes for our customers.

A key area of progress in 2025 was our advancement toward unified and integrated technologies. These systems enhance connectivity across our platform and empower customers with improved access to their healthcare services and information.

Equally important has been our continued investment in our people. We place strong emphasis on developing our human capital by fostering a culture of continuous learning, collaboration, and teamwork—ensuring our organization remains agile and responsive to ongoing changes in the healthcare sector.

Since its establishment, DMSCO has aligned its strategic direction with the Kingdom's Vision 2030. We remain committed to building a future-ready organization that is sustainable and flexible along with creating long-term value for our shareholders and all stakeholders.

What we achieved during this year represents an important milestone in our journey, while also serving as a starting point toward broader horizons of growth and innovation. We look to the future with confidence, building on strong governance foundations, a clear vision, and an unwavering commitment to serving our customers and our community.

Please accept our highest respect and appreciation.

Yours sincerely,

OVERVIEW

THE YEAR IN REVIEW



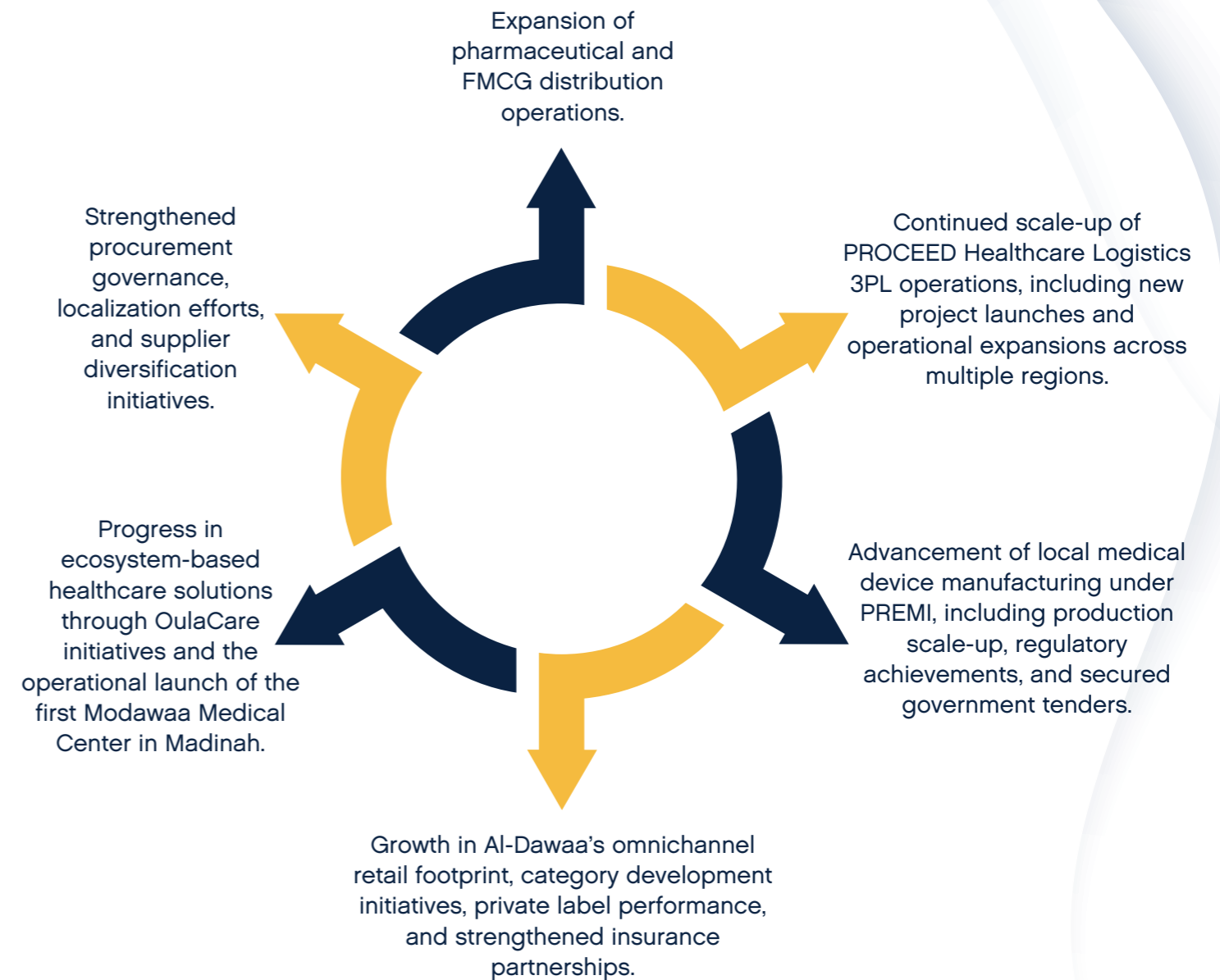
OVERVIEW

In 2025, DMSCO became Saudi Arabia's top healthcare organization through its complete and integrated healthcare system. The company achieved its strategic objectives through operational growth, localization efforts, regulatory adherence and infrastructure construction across its retail pharmacy and pharmaceutical distribution; not to mention it achieved its goals in healthcare logistics, medical device manufacturing and integrated care solutions.

During the same year, DMSCO kept its healthcare system running smoothly by making sure its supply chain remained strong. The company focused on being sustainable and operating efficiently, thus supporting Vision 2030 and the Health Sector Transformation Program. The organization created this policy to provide patients with the best possible medical care while it worked to enhance healthcare operational performance. This allowed DMSCO to establish strong relationships with healthcare organizations, which resulted in service improvements that brought benefits to the local community.



KEY HIGHLIGHTS ACROSS THE PLATFORM INCLUDE:



By achieving these milestones, DMSCO strengthened its approach to healthcare, bringing together different parts like retail, distribution, logistics, manufacturing, and care delivery. This move sets the Group up for steady growth over time and increases the value it brings to all its stakeholders.

OVERVIEW

A JOURNEY OF EVOLUTION



OVERVIEW

From the start, DMSCO shifted beyond just running pharmacies. Over time it grew into a broader network of health services - including supply chains, logistics, device making, and coordinated patient care. The change came not by chance but through careful planning aimed at reaching larger heights. Building depth and adaptability became key, allowing the organization to respond better to rising demands across Saudi's health sector.

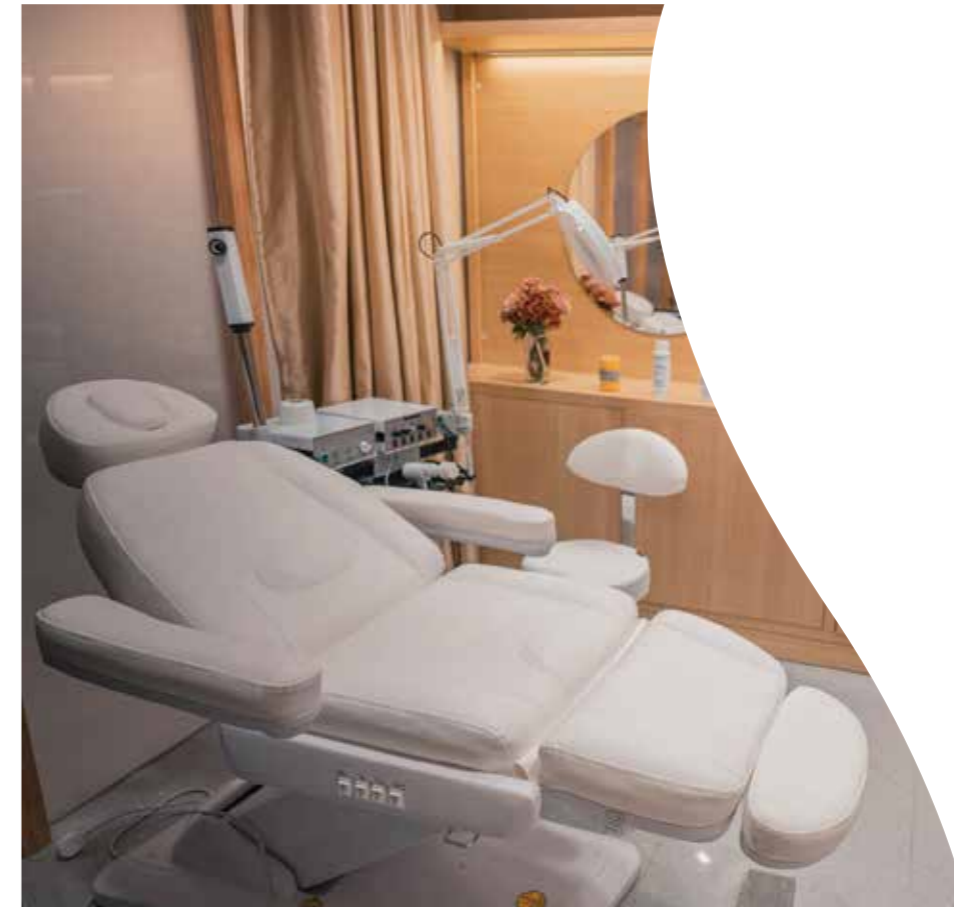
Over the years, the Group expanded its retail business operations while it invested in developing its manufacturing facilities and processing facilities. The growth of PROCEED Healthcare Logistics improved supply chain integration and distribution capabilities, which resulted in better product delivery between public and private healthcare organizations. The construction of PREMI Medical Device Factory brought about a major achievement in localization and advanced manufacturing, which helped the country achieve its goal: Decrease import reliance and build up domestic healthcare manufacturing capabilities.

On the other hand, DMSCO has developed its operations through traditional pharmacy services while building new healthcare delivery systems that function as ecosystems. The company has started developing integrated primary care solutions, which follow the Saudi Model of Care through its OulaCare and Modawaa initiatives.

This journey wasn't just about spreading across new locations or boosting operations, but it was rather about strengthening the foundation too. Efforts put into better governance, digital tools, rules that guide behavior, spreading out suppliers, and thoughtful collaborations shaped how the company works at large sizes without losing precision, trust, or responsibility.

In 2025, Al-Dawaa continued its transformation from a traditional pharmacy retailer into a comprehensive healthcare access platform. The company expanded its operations by adding in-store lab services and healthcare centers, which provided complete patient care services. It achieved operational agility through its deployment of five mobile pharmacy units, which delivered successful service to Hajj season pilgrims. Additionally, Al-Dawaa achieved better retail positioning through its acquisition of Riyadh Metro sites and its establishment of new stores in Haramain, which brought the brand into more busy and important shopping areas.

Today, DMSCO is a complete healthcare system that brings together different parts like stores, delivery, transportation, manufacturing, and patient care into one connected model. The company is still growing and changing, but it's always focused on being sustainable, working well, and matching its goals with Vision 2030, which will help it make a big difference in the future of healthcare in Saudi Arabia.



OVERVIEW
**KEY
DEVELOPMENTS
IN 2025**



OVERVIEW

In 2025, DMSCO carried out its strategic plan through two main initiatives: **Business expansion through specific growth strategies and the development of infrastructure and localization programs along with healthcare system integration with its ecosystem partners.** The Group enhanced its operational abilities through its multiple business segments, while it built up its supply network stability and delivery network reach across Saudi Arabia.

The Retail Pharmacy Services division of Al-Dawaa expanded its operations through new location openings in essential healthcare areas, while it worked to enhance its insurance-based customer acquisition methods. The company expanded its pharmacy network through new locations, hospital and polyclinic site expansions and ERX Project development, all of which strengthened its position in insured healthcare systems.

In healthcare logistics and delivery, **PROCEED Healthcare** handled more third-party (3PL) logistics for the following accounts: Sudair Pharma, Boston Oncology, AmaroX, Aster Retail, SPIMCO, and Tabuk Pharma. On the other hand, the expansion of Maoswol projects with NUPCO in new areas strengthened distribution coverage, while the Sudair Distribution Center increased by operating Sudair new expansion with more than 20 Pallet Position. New partnerships, such as working with SPL for blood sample transport, gave PROCEED Healthcare more ways to handle the logistics.

As for **PREMI**, it developed a system that allowed medical device production achieve stable, large-scale manufacturing, while strengthening local manufacturing capabilities. The market position of PREMI improved through the successful launch of Premi Homecare Devices at Al-Dawaa pharmacies, the company achieved consecutive mass production with defect rate control and obtained NUPCO tenders for equipment and ICU and homecare categories. The company achieved better localization results through its Local Content certification program and its supplier relationships which worked to build up domestic production abilities.



OVERVIEW

Within Integrated Healthcare Solutions, **OulaCare** accelerated the rollout of in-pharmacy clinics, virtual consultation hubs, diagnostic sample collection services, wellness programs, and last-mile healthcare initiatives. The **Modawaa** initiative began its operational phase through the establishment of its first Modawaa Medical Center in Madinah and preparatory work underway.

In 2025, Al-Dawaa's wellness and prevention lab packages generated new revenue streams, serving more than 3,850 customers during the final five months of the year.

The Hajj Season Mobile Pharmacies initiative generated 8,795 invoices through its five mobile units which proved the system could function during peak times. Six Riyadh Metro store locations were secured, providing access to a commuter base of up to 3.6 million daily passengers at full capacity. The Parcels service achieved more than 300,000 total orders, which proved Al-Dawaa ability to handle large volumes of last-mile deliveries.

The Group maintained business operational continuity thanks to its procurement transformation, supplier diversification, and digital process enhancements. These developments collectively reinforced DMSCO's integrated healthcare model, which in turn supported the Kingdom's own healthcare agenda.

OVERVIEW

2025 HEALTHCARE PROJECTS: KEY INITIATIVES



OVERVIEW

In 2025, DMSCO pursued various strategic healthcare projects that worked to enhance healthcare access, system integration and operational stability across Saudi Arabia. These initiatives reflect the Company's commitment to creating a healthcare system that supports Vision 2030 and the Health Sector Transformation Program.

DISTRIBUTION & LOGISTICS EXPANSION

PROCEED Healthcare conducted various extensive operational projects throughout the entire year. The Sudair Distribution Center expansion brought higher operational capacity and better national distribution reach to the company. The Maoswol team worked with NUPCO across Yanbu, Madinah, Sulayil, Alola and Dawadmi to enhance public distribution systems. The logistics network of PROCEED expanded through new 3PL activations and included Sudair Pharma, Boston Oncology, AmaroX, Aster Retail, SPIMCO and Tabuk Pharma.

MEDICAL DEVICE LOCALIZATION & MANUFACTURING SCALE-UP

The PREMI production facility started its first stable mass production system during 2025. Two waves of Premi Homecare Devices were launched across Al-Dawaa pharmacies, resulting in the expansion of private market distribution. The production line reached success through its ability to keep defect rates within acceptable limits. Moreover, PREMI obtained multiple NUPCO tenders, which spanned across General Equipment, ICU and Home Care product lines. The company also obtained a localization agreement for AED/Defibrillator manufacturing.

RETAIL INTEGRATION & DIGITAL ENABLEMENT

The ERX Project functioned as a major integration project that connected all retail facilities of Al-Dawaa. Additionally, the company established new pharmacy locations in essential healthcare areas to enhance customer access to services. The House Brand initiatives advanced through Pharma Private Label regulatory improvements, which led to better performance in all product categories. Al-Dawaa, thus achieved, improved operational performance through digital procurement operations that used automated procure-to-pay systems and supplier diversification programs.

INTEGRATED PRIMARY CARE & ECOSYSTEM DEVELOPMENT

OulaCare launched healthcare ecosystem programs that brought pharmacy clinics, virtual consultation centers, diagnostic sample collection services, wellness programs and healthcare delivery to remote areas.

On the other hand, the Modawaa initiative began its operational phase through the establishment of its first Modawaa Medical Center in Madinah while preparing for its future opening.

OVERVIEW
**KEY
FACTS
& FIGURES**



OVERVIEW



Opening **17**
PHARMACIES
inside hospitals and clinics



12+ Million
ACTIVE
CUSTOMERS

including **700,000** new customers
added in 2025.



900+
LOGISTICS
VEHICLES

dispatching **8,300 shipments**
daily through PROCEED's network.



23,000+
PRODUCTS

across **2,000** brands.
A diversified healthcare portfolio
serving national demand.



78,000+
PALLET STORAGE
CAPACITY

across **dry, ambient, chilled,**
and freezer facilities.



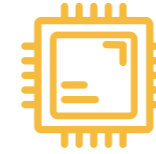
6,500+
HEALTHCARE
ACCOUNTS

served nationwide through
PROCEED's distribution network.



13+
PHARMACEUTICAL
PRIMARY CARE
CLINICS

providing expanded access to
pharmacy-led healthcare services.



PREMI DEVICES

First mass production run

1,011

Units

Second mass production run

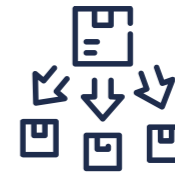
1,278

Units



FIRST MODAWAA
MEDICAL CENTER

began operations in Madinah in 2025.



SUDAIR
DISTRIBUTION
CENTER

expansion initiated.



LOCAL
CONTENT
CERTIFICATE

renewed for PREMI with a score of

84.96%



MULTIPLE NUPCO
TENDERS

secured by PREMI across
General Equipment, ICU,
and Home Care categories.

OVERVIEW

INVESTMENT CASE



OVERVIEW

WITH OVER THREE DECADES OF HEALTHCARE EXPERTISE, DMSCO IS COMMITTED TO PROVIDING CARE FOR LIFE.

WHAT MAKES DMSCO A GOOD INVESTMENT CASE?

CONTINUED ECONOMIC REFORMS POSITIVELY IMPACTING THE KINGDOM



STRATEGIC PRESENCE

DMSCO aligns well with the Saudi Vision 2030, and operates in the biggest retail sector in KSA, and in the largest economy in the Middle East and Northern Africa. At DMSCO, we have a large network of pharmacies spreading across the Kingdom, and well supported by state-of-the-art infrastructure. The government's new strategy Vision 2030 includes a comprehensive agenda for social and economic reforms, which aims at diversifying the Kingdom's economy and reducing its dependence on revenues from oil-related sectors.

STRONG PERFORMANCE

DMSCO recorded an outstanding financial performance, with continuous business growth.

With solid financial fundamentals, strong business model and sustained growth opportunities, DMSCO is working towards its ambitious growth plans and to enhance returns for its shareholders. With solid financial results for 2024, it is building on its future growth momentum.

STRONG LEGACY AND UNMATCHED MANAGEMENT EXPERTISE

DMSCO has a strong management team with outstanding and vast experience and expertise in the retail sector and in the operations of its pharmacies.

With our highly skilled management team with extensive knowledge of the Kingdom and the retail sector, we are progressing well on our expansion plans and to achieve it's the next phase of multi-channel growth by serving customers and patients.

STRATEGIC PARTNERSHIPS

With its distinguished leadership, DMSCO is a strategic partner to several public and private entities, and plays a vital role in implementing the drug safety policy.

We engaged into strategic alliances and partnerships with key national and international entities to further widen the reach of its services and to improve the quality of its offerings and to support world-class healthcare services. It takes pride in supporting Saudi Vision 2030 as part of the drug safety policy and is constantly harnessing its potential to create value through skills, knowledge and increased market presence. Our strong leadership in the "Wasfaty" program is a testament to its strategic role and effectiveness as it works towards the holistic interest of the state and the society.

OMNI CHANNEL APPROACH

In today's dynamic business landscape, DMSCO recognizes the paramount importance of adopting an omnichannel approach to foster sustainable growth and elevate customer satisfaction.

We endeavor to seamlessly integrate its operations across multiple channels and touchpoints, including online platforms, call centers, and offline stores, to ensure a consistent and enriching experience for its valued customers. Our journey towards omnichannel excellence epitomizes its unwavering commitment to foster meaningful connections with its customers, while also driving sustainable growth.

UNIQUE SUPPLY CHAIN

With its unique supply chain in the local market, DMSCO enjoys significant digital and logistical superiority in the retail pharmaceutical sector.

DMSCO aligns with Kingdom's National Transformation System (NTP) with e-tracking system for pharmaceutical products. Our fleet operates with state-of-the-art technology, tracking and routing systems. Additional sensors in each truck records all information related to security, safety and quality of shipments and the quality of the trip, and this is connected via satellite to the systems of the Company, the Saudi Food and Drug Authority and the Ministry of Transport.

STATE-OF-THE-ART INFRASTRUCTURE

Our well-spread network of Company-owned pharmacies and other business verticals is well supported by its state-of-the-art infrastructure that helps it run the business operations smoothly.

Our state-of-the-art infrastructure helps ensure operational efficiencies. To further grow its world-class infrastructure, we are setting up more pharmacies, increasing the spread of warehouses, and ensuring seamless logistics. Food and Drug Authority and the Ministry of Transport.

STRATEGIC REVIEW
**BUSINESS
MODEL**



OUR VALUE-CREATING BUSINESS MODEL

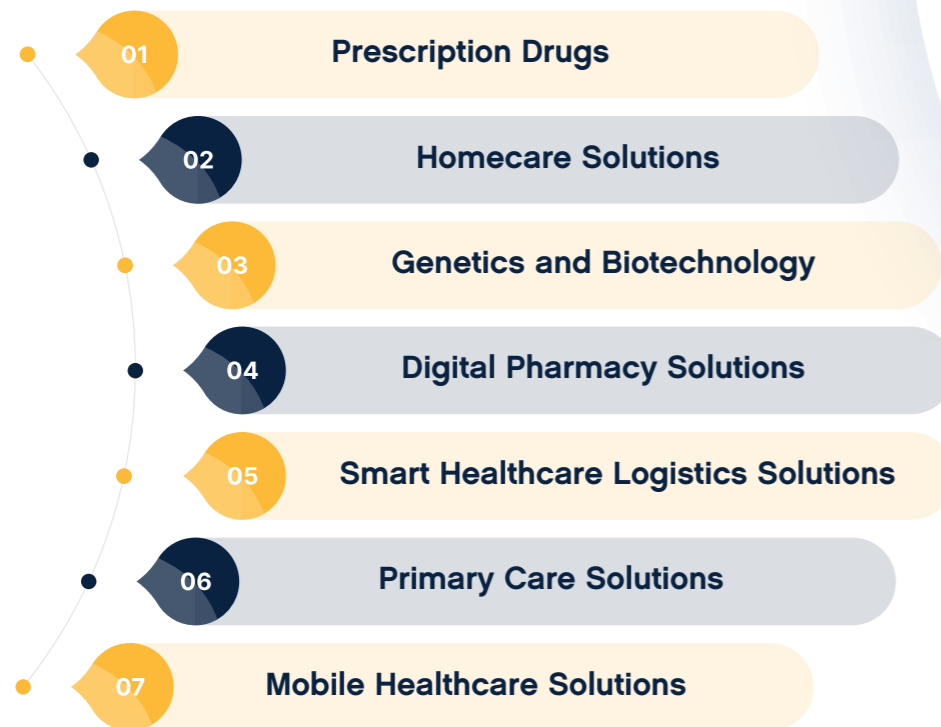
DMSCO serves its customers through a diversified portfolio of own brands across categories, besides other brands. The strong portfolio of its inhouse brands has been growing steadily and strongly.

Saudi Arabia's healthcare system is undergoing a transformation to meet the changing needs of the society, with a key focus on improving access to healthcare. Reinforced by KSA's attractive socio-economic dynamics, we are strongly positioned to deliver growth and expansion in our key segments.

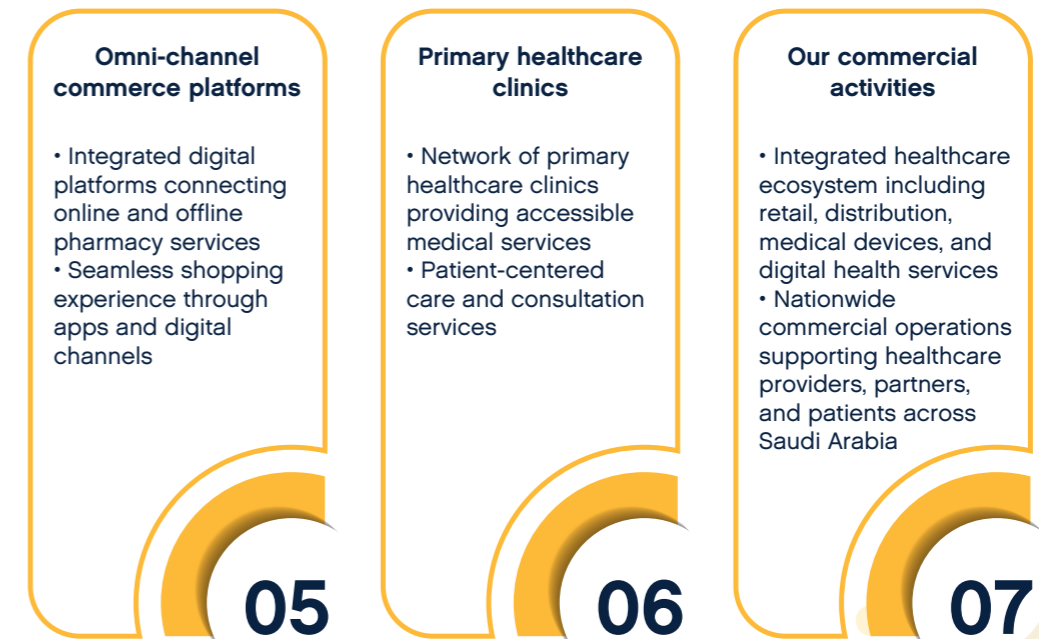
In addition to the business segments mentioned below, we have a strong portfolio of in-house brands across various categories, with ingrained strengths existing in each of our inhouse brands.

The retail pharmacy market in Saudi Arabia is driven by several factors, including the rising demand of healthcare services, an increasing population, and a growing number of chronic diseases. In the past several years, the retail pharmacy market is witnessing substantial growth across all the key segments.

OUR INTEGRATED HEALTHCARE SERVICES UNDER DMSCO'S VERTICALS



COMMERCIAL ACTIVITIES WE OFFER:



STRATEGIC REVIEW

OUR STRATEGY INITIATIVES



STRATEGIC REVIEW

DMSCO is seeking to achieve its goals in line with the directives of the Kingdom of Saudi Arabia's Vision 2030 by developing and improving the health sector and increasing the provision of medical services.

The Company's strategic initiatives are centered on:

- Expanding omnichannel retail capabilities including digital sales channels and applications for an efficient online to offline shopping experience. This enables customers to seamlessly move between digital platforms and physical pharmacies while improving accessibility and convenience across retail touchpoints.
- Developing and enhancing new centralized and automated dispensing system technologies. These systems improve prescription processing efficiency, reduce operational complexity, and enhance accuracy in medication dispensing.
- Expanding healthcare logistics capabilities through Cross border healthcare logistics services, integrated logistics platforms such as FarEye. This strengthens end-to-end supply chain visibility and supports more efficient coordination of healthcare logistics operations.

- Strengthening medical device localization and increasing local manufacturing capabilities by enhancing PREMI and supporting Saudi made initiatives. This contributes to national localization goals while expanding domestic production of advanced medical devices.
- Future developments will include an expansion of the Company's 3PL services and freight forwarding operations both internally and externally. This will broaden logistics service offerings and enhance supply chain support for both internal operations and external partners.
- Continuing to expand its Pack-to-Patient (P2P) services. This initiative improves the efficiency of medication fulfillment and delivery across the pharmacy network.

Through these initiatives, DMSCO continues to reinforce its operational infrastructure and drive sustainable growth across all business verticals.



STRATEGIC REVIEW
**WASFATY
PROGRAM**



STRATEGIC REVIEW

As a key partner in the kingdom's health and transformation, Al-Dawaa pharmacy plays a significant role in Wasfaty, a public, private partnership between the Ministry of Health, Nupco, and private service providers, such as Al-Dawaa. Through its extensive pharmacy network across the Kingdom, the company is able to service the consumer through electronic prescribed medicines and dispensing services.

DMSCO also offers value added services, such as refills on prescriptions, home delivery, and a track and trace system for medication, showing the full end to end customer journey, From the pharmacy to reaching the customers' house. By partnering with MOH, and Saudi Food and Drug Authority (SFDA), DMSCO takes an active role in improving the health of the nation through awareness campaigns.



STRATEGIC REVIEW

MOH: HOLISTIC GUIDANCE ON HEALTHCARE



BUILDING A COMPREHENSIVE HEALTHCARE SYSTEM WITH MINISTRY OF HEALTH

To keep pace with international healthcare developments and the ambitions of Saudi Vision 2030, the Kingdom of Saudi Arabia continues to advance a comprehensive healthcare transformation focused on access, quality, prevention, digital enablement, and sustainability. The Health Sector Transformation Program (HSTP) remains the central national framework guiding this transition across governance, financing, service delivery, workforce planning, and system-wide modernization.

Saudi Arabia's healthcare transformation is oriented toward an integrated, patient-centered, value-based ecosystem. Structural reform is designed to improve governance, quality and outcomes, financial sustainability, and digital access, while scaling capacity to meet rising demand driven by population growth, urbanization, population aging, and the growing prevalence of non-communicable diseases.

The increasing scope of healthcare demand including services required for Hajj and Umrah has reinforced the need for a resilient, coordinated, and future-ready healthcare system. In response, the national healthcare model continues to evolve from a centrally administered structure toward a system-based ecosystem emphasizing prevention, outcome measurement, efficiency, and patient experience.

CONTEXT: SYSTEM PRESSURE AND DEMAND REALITIES

Recent system indicators provide a grounded baseline for the ongoing transformation. As to the latest available data:

- Total healthcare employment reached 545,574 workers, including physicians, nurses, pharmacists, and allied health professionals.
- The Kingdom operated 499 hospitals, of which 290 are under the Ministry of Health, 150 in the private sector, and 59 across other government entities, with a total capacity of 80,072 hospital beds.
- Ministry of Health outpatient visits reached approximately 15 million, reflecting sustained service demand and utilization.

WHY MOH: FROM SUPERVISION TO SECTOR STEWARDSHIP

The Ministry of Health continues to function as the public health steward and sector regulator, with responsibilities encompassing:

- Public health promotion and disease prevention,
- Development and enforcement of rules and standards for public and private health providers,
- Performance monitoring, compliance, and quality assurance,
- Enabling research, academic training, and health investment priorities.

OUR KEY OBJECTIVE

The Ministry of Health is committed to safeguarding population health through prevention and health promotion, regulating healthcare delivery across both public and private sectors, and strengthening system performance through oversight, standards, and sector development. This includes supporting research, academic training, and investment priorities aligned with national health objectives and long-term sustainable health outcomes.

STRATEGIC GOALS OF THE MINISTRY OF HEALTH (MOH)

- Health promotion and disease prevention through stronger public health policies and community-level interventions.
- Outcome-based, high-quality healthcare with performance monitoring tied to measurable health outcomes.
- Workforce development to build national capabilities and strengthen population-health skills.
- Financial sustainability through improved efficiency, new financing approaches, and targeted health investment.
- Digital transformation and innovation to improve accessibility, patient engagement, research enablement, and service delivery.
- Equitable access by improving network coverage and balancing service distribution across regions.
- Health security and preparedness to strengthen resilience against pandemics, epidemics, and environmental risks.
- Global health participation through institutional cooperation and engagement in multilateral health initiatives.

REVISED STRUCTURE OF THE MINISTRY OF HEALTH (2025)

TRANSFORMING THE PATIENT JOURNEY AND END-TO-END EXPERIENCE

Saudi Arabia's healthcare transformation increasingly reflects a separation-of-functions model, aligned with international best practices:

MINISTRY OF HEALTH (MOH)

Regulator and public health steward responsible for policy, standards, prevention, and system oversight.

HEALTH HOLDING COMPANY (HHC)

A state-owned entity delivering integrated healthcare services through 20 corporate health clusters, responsible for population health and wellness, including prevention

CENTER FOR NATIONAL HEALTH INSURANCE (CNHI)

The public payer and purchaser advancing sustainability through data-driven, value-based purchasing.

HEALTH HOLDING COMPANY AND CLUSTER SCALE

Health clusters operate as integrated ecosystems with significant service footprints.

Examples include:

- Riyadh Health Cluster 1: 3.9M+ beneficiaries, 157 primary care centers, 18 hospitals, and up to 4,000 beds.
- Riyadh Health Cluster 2: 3.8M beneficiaries, 91 primary care centers, 13 hospitals, 2,449 beds.
- Al-Madinah Cluster: 2.3M+ beneficiaries, 147 primary care centers, 18 hospitals, 3,118 beds.

VISION 2030 – HEALTH SECTOR TRANSFORMATION PROGRAM (HSTP)

STRATEGIC LOGIC (2025)

HSTP continues to organize healthcare reform around:

- sector governance and regulation,
- institutional transformation of facilities into integrated delivery systems,
- a modern care model emphasizing prevention and coordinated pathways,
- e-health and digital enablement,
- expanded private sector participation,
- national health insurance and new financing models,
- workforce planning and development.

PRIVATE SECTOR PARTICIPATION

Private sector participation remains a key pillar of reform, with policy direction targeting an increase in the private sector's share of healthcare provision to 65% by 2030 through public-private partnerships and investment facilitation.

HEALTH FINANCING PRESSURES

From a financing perspective, independent policy analysis estimates total public and private healthcare expenditure in 2025 at approximately SAR 250 billion, representing around 6% of GDP (estimate for contextual reference).

KEY ELEMENTS

- 01 Regulation and governance of the health sector
- 02 Institutional transformation of healthcare facilities
- 03 Development of a modern care model
- 04 E-health and digital acceleration
- 05 Increased private sector participation
- 06 National health insurance and new financing models
- 07 Workforce planning system

PRIMARY CARE – A KEY FOCUS AREA (2025)

Primary care remains the cornerstone of prevention and sustainability, serving as the main lever for:

- prevention and risk reduction,
- early detection and chronic disease management,
- reducing avoidable hospital utilization,
- improving continuity and patient experience through coordinated care pathways.

Operational evidence from health clusters such as Riyadh Health Cluster 1's 157 primary care centers demonstrate the scale and centrality of primary care in supporting first-contact access and population health management.

STRATEGIC CORNERSTONES AND COMMITMENTS

The transformation continues to be built around four integrated outcomes: better health, better care, better sustainability, and a better workforce, achieved through equitable geographic coverage, expanded digital health services, strengthened prevention, and improved quality governance.

In 2025, system performance and reform tracking is increasingly reinforced through policy and evaluation frameworks that operationalize indicators (including primary care utilization, outpatient activity, and other service performance measures), supporting more consistent monitoring and evidence-based improvement.

STRATEGIC REVIEW
**CFO'S
MESSAGE**





Shareef Al-Aqabawi

Chief Financial Officer
Al-Dawaa Medical Services Company

CFO'S MESSAGE

DEAR SHAREHOLDERS,

Over the course of more than three decades, Al Dawaa Medical Services Company (DMSCO) has steadily evolved—expanding into new categories, businesses, and markets. This journey has created significant opportunities, allowing us to scale new heights and establish ourselves as a leader in the healthcare industry.

We are pleased to report yet another year of strong, all-around performance—a reflection of our clear strategic vision. As we move forward with confidence, our focus remains on strengthening the foundation for long-term growth, pursuing emerging opportunities, and consistently delivering on our short-term goals.

Strengthening Resilience

DMSCO demonstrated strong resilience across operations in 2025. We are firmly on a path of continuous growth and development, committed to enhancing both our top-line and bottom-line performance, and building a stronger, healthier future. Our leadership team exercised strategic discipline in managing sales, costs, cash flow, and assets. Continued investments in portfolio diversification and capacity expansion across channels have allowed us to contribute meaningfully to the transformation of the Kingdom's healthcare sector.

Operating Context

Throughout the year, we navigated a challenging macroeconomic environment marked by seasonal fluctuations in demand and intensified competition. Market players adjusted pricing strategies aggressively, aiming to expand their share. Furthermore, new import regulations and increasing shipping costs—driven by geopolitical tensions and rising fuel prices—posed additional operational hurdles.

Solid Foundations and Strong Performance

Despite these challenges, DMSCO sustained strong profitability throughout 2025. Our performance was driven by a dynamic team, sound corporate governance, and a balanced capital structure. This year's achievements reflect our commitment to healthcare excellence and strategic consistency.

We delivered a 4.4% growth in revenues, fueled by enhanced sales activity and impactful marketing campaigns—particularly those supported by our Arbahi loyalty program. Additionally, we achieved a 3.3% growth in gross profit, attributed to geographic expansion, a growing customer base, and stronger sales—especially in prescription fulfillment. Growth was also supported by gains in e-commerce, cash flow, and insurance segments. Our ability to execute sales strategies effectively in a competitive retail landscape further validates our approach. The year-on-year net profit decline reflects a combination of continued strategic investments to support future growth, as well as certain non-recurring items during the period.

Selling and distribution expenses increased by 6.9%, slightly outpacing revenue growth of 4.4%. This increase was primarily driven by deliberate, forward-looking investments aimed at strengthening the Company's long-term competitive position. These included expansion into new white spaces through the opening of additional branches, strategic enhancements to omni-channel capabilities in terms of rollout of a new digital platform and upgraded backend systems and continued investment in the distribution and logistics network to increase capacity, improve efficiency, and capture anticipated market growth.

In addition, the results include certain one-off impacts, including a share of loss from an associate amounting to SAR 3.9 million, which is expected to normalize as the investment matures and begins contributing positively in the coming years, as well as a non-recurring impairment provision on trade receivables of SAR 2.7 million.

Despite these factors, the Company continued to deliver solid underlying profitability, supported by disciplined cost management and operational efficiency across its core business. The investments undertaken during the year are expected to further strengthen revenue-generating capacity and improve margin resilience going forward.

Strategic investments in automation and customer service allowed us to maintain controlled operating expenses. As a result, DMSCO witnessed an increase in market share, and maintained ample liquidity to support continued expansion.

One of the year's milestones was the 9.1% increase in total equity, rising by SAR 121 million year-on-year. This followed a dividend distribution of SAR 214.2 million in 2025 (SAR 2.52 per share), representing approximately 66.6 % of year 2025 profit. This equity growth was driven by higher retained earnings.

Strengthening Financial Stability

We are proud to report significant improvements in treasury and liquidity performance. Better financial resource management enabled timely settlement of payables and allowed us to use surplus cash to reduce total loans by SAR 40.4 million, bringing outstanding debt to SAR 580 million by year-end. Consequently, the debt-to-capital ratio declined from 73% in 2024 to 68.2% in 2025, reaffirming our sound capital structure. Additionally, net working capital grew by SAR 168 million compared to 2024.

Key Drivers of Growth

Among our strongest performance drivers was our continued collaboration with the Ministry of Health, particularly through new hospital and medical center partnerships. Our market share in prescription volume also continued to grow. Meanwhile, our distribution business gained momentum, with significant growth in DMSCO's in-house brands supported by a refreshed branding strategy.

Ongoing privatization efforts and increased insurance sales contributed to reshaping the healthcare insurance sector. Cost optimization and strict expenditure controls played a pivotal role in profitability enhancement. Strategic inventory management and optimized branch distribution further solidified our operational efficiency.

Facing Challenges with Determination

Despite global and local pressures, Al Dawaa remained resilient. In 2025, we expanded our retail footprint to 952 branches, adding 51 new locations and closing 23 underperforming sites. The number of dark stores remained steady at 23. We also renovated 101 pharmacies, enhancing the in-store experience and aligning our network with evolving customer needs.

Creating Enduring Value

At the core of our initiatives is a commitment to delivering sustainable value to shareholders. We will continue to enhance liquidity, reduce corporate debt, and lower financing costs. Our strategic dividend distribution policy remains in place, with quarterly dividends enabling long-term, value-driven growth.

In Conclusion

While we take pride in our 2025 achievements, despite the challenges in the healthcare market, our eyes remain firmly on the future. With a relentless focus on growth, we are confident in our ability to explore new horizons and sustain our success. This progress is only possible through the dedication of our global team—for whom I express my deepest appreciation. I also extend sincere thanks to our customers, partners, suppliers, healthcare providers, and shareholders for their continued support and trust. DMSCO remains committed to scaling new heights and delivering long-term value to all stakeholders.

Best Regards,
Shareef Ahmed Al Aqabawi
Chief Financial Officer

STRATEGIC REVIEW
**MARKET
OVERVIEW**



ECONOMIC AND INDUSTRY OVERVIEW

ECONOMIC OVERVIEW

The Saudi Arabian economy in 2025 demonstrated strong resilience, supported by continued momentum in non-oil sector diversification under Vision 2030. The healthcare sector remains a top government priority and an increasingly important contributor to national economic development.

OVERALL REAL GDP GROWTH

1

Preliminary official estimates indicate that Saudi Arabia's real GDP recorded growth in 2025 in the mid-3% range, reflecting recovery from 2024 and solid performance across non-oil sectors.

NON-OIL GDP GROWTH

2

The non-oil economy continued to act as the primary engine of growth, expanding at a rate exceeding 4% during the first half of 2025. Non-oil activities now account for more than half of total GDP, underscoring the success of diversification efforts.

GOVERNMENT FISCAL POSITION

3

Updated fiscal projections indicate that Saudi Arabia's 2025 budget deficit widened relative to initial budget estimates, reflecting elevated capital expenditure to support Vision 2030 programs and infrastructure development. The revised deficit is estimated to be materially higher than the original budget projection, equivalent to approximately mid-single-digit percentage of GDP.

HEALTHCARE SPENDING

4

The Ministry of Finance allocated approximately SAR 260 billion (around USD 69 billion) to the Health and Social Development sector in the 2025 budget, maintaining it as the largest spending category and highlighting the government's sustained commitment to healthcare system modernization.

INDUSTRY OVERVIEW: HEALTHCARE IN SAUDI ARABIA

Saudi Arabia is undergoing a comprehensive transformation of its healthcare system, driven by the pursuit of improved outcomes, financial sustainability, and system efficiency. Central to this transformation is a strategic shift toward prevention-based and value-based healthcare models, supported by redesigned financial incentives.

Industry estimates suggest that improved national health outcomes could generate annual system-wide savings of approximately SAR 40–65 billion (USD 10.7–17.3 billion) by 2035, equivalent to roughly 10–15% of total healthcare spending. In parallel, better health outcomes are expected to enhance labor productivity and attract long-term investment. These reforms are being implemented under the Health Sector Transformation Program (HSTP), a core pillar of Vision 2030.

MARKET SIZE & GROWTH

1

Saudi Arabia's total healthcare market is estimated at approximately SAR 256 billion (USD 68 billion) in 2025, with the digital health segment valued in the low-single-digit billions of SAR. Within the Gulf Cooperation Council (GCC), Saudi Arabia accounts for approximately 60 % of total healthcare expenditure, making it the largest healthcare market in the region. Regional forecasts project that GCC healthcare spending will grow from around USD 104 billion in 2022 to about USD 159 billion by 2029, with Saudi Arabia and the UAE together expected to contribute roughly 82.6 % of this total by that time. Compared to the global average, where many high-income OECD countries spend over USD 6 000 per person annually, Gulf per-capita expenditure remains lower overall but is growing at a strong regional rate.

PATIENT RECORDS & DIGITIZATION

2

Saudi Arabia has achieved near-universal digital health record coverage, supported by nationwide interoperability initiatives. This represents a major advancement in healthcare accessibility, data integration, and service efficiency. More than 80 % of Saudi hospitals now use electronic health records systems, far exceeding the broader GCC trend where full national EHR adoption remains a work in progress, and Saudi Arabia's digital health market accounted for about 40 % of the Middle East digital health revenue in 2024, the largest share in the region.

INDUSTRY OVERVIEW: HEALTHCARE IN SAUDI ARABIA

SEHA VIRTUAL HOSPITAL

3

The SEHA Virtual Hospital, recognized as the world's largest virtual care platform, now connects 224 hospitals across the Kingdom, delivering a broad range of specialized clinical services through telemedicine. In contrast, while telemedicine adoption across the GCC is growing (with the regional telemedicine market valued at around USD 2.58 billion in 2025), most GCC virtual care networks cover significantly smaller proportions of national health systems, placing Saudi Arabia at the forefront of comprehensive virtual hospital deployment in the region.

PRIVATIZATION & PPPS

4

Healthcare reform emphasizes increased private sector participation, with a strategic target of reaching approximately 65% private sector participation by 2030. This includes the phased privatization and PPP-based operation of a large number of hospitals and primary healthcare centers. This reform trajectory represents one of the more ambitious GCC privatization efforts. According to WHO data, current healthcare expenditure as a share of GDP varies in the region, for example, Saudi Arabia's is around 5.7 % of GDP, compared with 3.5 % in the UAE and 2.6 % in Qatar, indicating different levels of public spending emphasis. Saudi Arabia's private-sector expansion strategy therefore aligns with broader regional trends while positioning the Kingdom to attract greater private investment relative to some peers.

DEMAND DRIVERS

5

Growth in healthcare demand is driven by population expansion, an aging demographic profile, and high prevalence of non-communicable diseases (NCDs), including diabetes and obesity, necessitating increased investment in preventive, specialized, and long-term care.

GLOBAL AND GCC MARKET BENCHMARKING

GLOBAL CONTEXT

Globally, healthcare expenditure continues to outpace GDP growth, driven by aging populations, rising chronic disease prevalence, and rapid adoption of digital and precision medicine. According to international benchmarks, global healthcare spending represents approximately 9–10% of global GDP, with advanced economies exceeding 10–12%. Digital health has emerged as one of the fastest-growing segments worldwide, with projected high double-digit growth in telemedicine, AI-enabled diagnostics, and integrated care platforms over the next decade.

Within this global context, Saudi Arabia stands out as one of the most structurally reformed and government-backed healthcare markets, combining large-scale public investment with a clear transition toward privatization, value-based care, and digital enablement.

GCC COMPARISON

Within the GCC, Saudi Arabia represents the largest healthcare market by size and absolute investment, accounting for a significant share of total regional healthcare spending. While neighboring GCC countries such as the UAE and Qatar have advanced healthcare systems with high per-capita spend, Saudi Arabia differentiates itself through:

SCALE

1

The Kingdom's population size and geographic footprint create demand for nationwide healthcare infrastructure and digital solutions at a scale unmatched in the GCC.

REFORM DEPTH

2

Saudi Arabia's Health Sector Transformation Program represents the most comprehensive system-wide reform in the region, encompassing financing, delivery, regulation, and digital infrastructure.

PRIVATIZATION AMBITION

3

Saudi Arabia's target of around 65% private sector participation by 2030 exceeds regional averages and positions the Kingdom as the GCC's largest PPP and healthcare privatization market.

DIGITAL INTEGRATION

4

Near-universal electronic health record coverage, national interoperability platforms (NPHIES), and the SEHA Virtual Hospital place Saudi Arabia among the most digitally integrated healthcare systems in the Middle East.

INDUSTRIAL LOCALIZATION

5

Compared to other GCC markets, Saudi Arabia has adopted a more aggressive strategy toward pharmaceutical and medical device localization, supported by national industrial and investment programs.

RELATIVE GROWTH OUTLOOK

While healthcare growth across the GCC is expected to remain robust, Saudi Arabia is projected to experience above-regional-average growth over the medium to long term, driven by:

- Sustained Vision 2030 funding commitments,
- Large-scale infrastructure and capacity expansion,
- Strong demographic and epidemiological demand drivers,
- A regulatory environment increasingly aligned with international standards.

PUBLIC HEALTHCARE: KEY INITIATIVES

• Expansion of Health Cities Certified by WHO

In late 2025, Saudi Arabia announced that 16 health cities had been accredited by the World Health Organization under international quality and health-promotion standards, furthering the integration of health into urban planning and preventive strategies reflecting a system-wide shift toward community health and wellness beyond clinical settings.

• New Strategy by the Saudi Commission for Health Specialties (2025–2030)

In August 2025, the Saudi Commission for Health Specialties unveiled its 2025–2030 strategic framework to expand professional training, international partnerships, private sector engagement in workforce development, and excellence in clinical practice, strengthening clinical capacity and system readiness.

STRATEGIC REVIEW

HEALTHCARE INDUSTRY: FUTURE GROWTH OPPORTUNITIES

Saudi Arabia's healthcare transformation presents substantial opportunities across public and private sectors:

- 1 INCREASED PRIVATIZATION**
Continued expansion of private participation through PPP and privatization frameworks remains a central reform objective.
- 2 INFRASTRUCTURE DEVELOPMENT**
Vision 2030 prioritizes the development of new medical cities, hospitals, and expanded bed capacity to meet long-term demand.
- 3 PUBLIC-PRIVATE PARTNERSHIPS**
PPP frameworks continue to attract private capital, with a growing pipeline of healthcare projects expected over the coming years.
- 4 CONNECTED HEALTHCARE MARKET**
The digital health market is projected to grow at a high double-digit rate over the next decade, supported by strong government backing and rapid adoption of technology-enabled care models.
- 5 PHARMACEUTICAL LOCALIZATION**
Localization initiatives aim to reduce import dependency, enhance supply security, and develop domestic manufacturing capacity.
- 6 SPECIALIZED CARE FACILITIES**
Rising demand for rehabilitation, long-term care, home healthcare, and geriatric services continues to create new investment opportunities.

A MARKET READY FOR EXPANSION

Saudi Arabia's healthcare sector is experiencing one of the largest system-wide transformations globally. The Health Sector Transformation Program is shaping a world-class healthcare ecosystem through advanced digital infrastructure, institutional reform, and private-sector partnerships. NUPCO plays a critical role in this transformation by ensuring efficient nationwide medical supply distribution, strengthening healthcare system reliability and resilience.

INVESTMENT OPPORTUNITIES IN THE HEALTHCARE SECTOR

Investment opportunities in Saudi healthcare include infrastructure development, digital health enablement, industrial localization, and capability building, supported by Vision 2030 reforms and sector programs.

- 1 HOSPITAL AND CLINIC DEVELOPMENT**
Opportunities to develop and operate facilities under regulated PPP and privatization models governed by the Private Sector Participation Law.
- 2 PHARMACEUTICAL AND MEDICAL EQUIPMENT MANUFACTURING**
Localization supported by national industrial programs, subject to sector licensing and Saudi Food and Drug Authority regulation.
- 3 DIGITAL HEALTH AND TELEMEDICINE**
Growth supported by Ministry of Health telehealth regulations, NHIC standards, and SFDA oversight for regulated digital health products.
- 4 TRAINING AND EDUCATION CENTERS**
Investment in workforce capability development aligned with national healthcare transformation priorities.

INVESTMENT MECHANISMS

- PPP / PSP contracts typically structured for long-term durations (up to 30 years, subject to regulation).
- Saudi Arabia's updated foreign investment framework emphasizes openness and equal treatment, with limited restrictions for sensitive activities.

PHARMACEUTICALS, BIOTECHNOLOGY, AND DIGITAL EXPANSION

Saudi Arabia is rapidly developing into a regional center for biotechnology, pharmaceutical manufacturing, and digital health. The Saudi Food and Drug Authority oversees market authorization for pharmaceuticals and medical devices, ensuring compliance with internationally recognized quality, safety, and efficacy standards.

National initiatives such as the Saudi Genome Program and the King Abdullah International Medical Research Center (KAIMRC) are advancing genetic research, precision medicine, and vaccine development. Investors may participate through joint ventures, R&D centers, or manufacturing partnerships in emerging innovation hubs, including Riyadh and NEOM HealthTech initiatives.

Digital transformation remains a major growth driver. National digital health regulations, telemedicine frameworks, and health data governance policies support the deployment of telemedicine platforms, electronic health records, and AI-enabled diagnostic systems under regulatory oversight. These developments expand access to care, particularly in remote areas, and create attractive opportunities for international healthcare technology firms.

Biotechnology and digital health are expected to form the next wave of Saudi medical modernization, bridging innovation and patient-centered care within an increasingly structured, regulated, and investor-friendly environment.

ESG AND SOCIAL RESPONSIBILITIES

CORPORATE SOCIAL RESPONSIBILITY STRATEGY



ESG AND SOCIAL RESPONSIBILITIES

DMSCO's Corporate Social Responsibility initiatives are built on an integrated ESG (Environmental, Social, and Governance) framework. Through this approach, the company works to enhance access to healthcare services, improve quality of life within the community, and support environmental sustainability by optimizing resource utilization. This is in addition to contributing to the national economy and strengthening local content. The company is also committed to implementing best governance practices, enhancing transparency, and measuring the impact of its initiatives to ensure sustainable value for stakeholders, in alignment with Saudi Vision 2030 and the United Nations Sustainable Development Goals (SDGs).

ENVIRONMENTAL

GREEN AFFORESTATION INITIATIVE

An environmental initiative contributing to the Green Saudi Initiative by planting trees using advanced irrigation techniques to support sustainability. A total of 1,470 trees have been planted, contributing to an estimated annual reduction of 52,000 kg of CO₂ emissions.

REDUCTION OF LOGISTICS FLEET EMISSIONS

This reflects total carbon emissions generated by the company's logistics fleet. The company has committed to upgrading its fleet with more fuel-efficient vehicles, improving operational efficiency by reducing trips and optimizing delivery routes, thereby contributing to a continuous reduction in emissions.

ISO 14001 ENVIRONMENTAL MANAGEMENT CERTIFICATION

This certification reflects the company's commitment to adopting global environmental best practices, improving resource efficiency, reducing waste, and adhering to environmental regulations, which supports sustainability and continuous environmental performance improvement.

ENVIRONMENTAL SOLUTIONS LAB PARTICIPATION

Participation in an environmental innovation initiative focused on reducing medication waste and optimizing operational efficiency.

ENERGY CONSUMPTION OPTIMIZATION

The company has replaced traditional lighting systems with energy-efficient LED lighting (saving approximately 59 watts per unit). Additionally, energy-efficient systems have been implemented, resulting in a reduction of carbon emissions associated with energy consumption.

SOLAR ENERGY PANELS

Solar panels have been installed across facilities to generate renewable energy and reduce environmental impact.



SOCIAL

COMMUNITY HEALTH AWARENESS CAMPAIGNS

The company conducted awareness campaigns benefiting 2,140,878 individuals across Saudi Arabia through integrated digital health initiatives aimed at promoting health awareness and improving quality of life.

INFANT FORMULA SUPPORT FOR SOCIAL SECURITY BENEFICIARIES

As part of its support for food security, the company provided infant formula in partnership with Almarai at subsidized prices, reaching an amount of SAR 34 million through Al-Dawaa pharmacies, benefiting 72,776 families and reducing financial burdens.

CUSTOMER DONATION PROGRAM (KANAF CHARITY ASSOCIATION)

Through the "Donate Your Change" initiative, customers were enabled to donate small amounts to support charitable causes. Total donations reached approximately SAR 34,968, reflecting strong community engagement.

EMPLOYEE WELL-BEING AND ENGAGEMENT

The company promotes a positive work environment and supports employee well-being through development programs such as the "Future Leaders Program 2025," social activities, national celebrations, and employee engagement initiatives that foster belonging and continuous growth.

ESG AND SOCIAL RESPONSIBILITIES

SUKARAK BI AMAN – DIABETES AWARENESS INITIATIVE

Community activation held during World Diabetes Day, under the patronage of HRH Prince Saud bin Naif, providing screenings, consultations, and awareness activities encouraging early detection and healthier lifestyles. The campaign benefitted 177 patients.

THERAPY SUPPORT PROGRAM FOR CHILDREN WITH DISABILITIES

Sponsorship of specialized therapy sessions supporting the physical and cognitive development of children with disabilities. The initiative sponsored 200 therapy sessions.

SUPPORT FOR SAMH ASSOCIATION

Provision of essential medical supplies to patients receiving long-term care in healthcare facilities. The initiative benefitted 68 patients.

“JAWAL TAWASSUL” DIGITAL OUTREACH INITIATIVE

Expansion of digital communication through Jawal Tawassul to enhance beneficiary engagement and awareness campaigns.

The initiative delivered over 14,790 targeted messages, expanded WhatsApp channel reach, and increased beneficiary engagement.

COMMUNITY HEALTH AWARENESS THROUGH PHARMACIES

Delivery of health awareness activities and consultations within Al-Dawaa pharmacies to educate customers on preventive healthcare and medication safety.

EMPLOYEE BLOOD DONATION CAMPAIGN

60 employee participated in an internal blood donation initiative encouraging employee volunteering and supporting local blood banks.

DIGITAL HEALTH AWARENESS CAMPAIGNS

Awareness campaigns conducted across digital platforms and social media to expand preventive healthcare education and community engagement.

FOUNDING MEMBERSHIP & CORPORATE VOLUNTEERING NETWORK

Joining as a founding member representing the private sector nationwide and positioning the company as a national leader in institutional volunteering.



ESG AND SOCIAL RESPONSIBILITIES

BREAST CANCER AWARENESS CAMPAIGN

Awareness initiative promoting early detection and community engagement during Breast Cancer Awareness Month.

CSR AWARD – SILVER CATEGORY

National recognition received from CSR Practices Track for impactful CSR initiatives.

CAPACITY BUILDING PROGRAM FOR CHARITABLE ASSOCIATIONS

Training program delivered to nonprofit professionals to strengthen communication skills and organizational capacity. The initiative empowered 39 nonprofit professionals.

SCHOOL HEALTH CLINICS SUPPORT INITIATIVE

Supplying medical equipment to establish school health clinics that support student health and safety. The initiative improved emergency preparedness and student well-being for 550 beneficiaries.

EDUCATIONAL WING FOR PEDIATRIC CANCER PATIENTS

Establishment of a dedicated classroom at King Fahad Specialist Hospital to ensure continuity of education for pediatric cancer patients during treatment. The initiative recognized by the Governor of the Eastern Province.

VISIT TO PEDIATRIC CANCER WING

Employee volunteering visit to the educational classroom at King Fahad Specialist Hospital in collaboration with SANAD Association.

ELDERLY SUPPORT INITIATIVE IN REMOTE AREAS

Distribution of healthcare supplies to elderly individuals in remote villages to support their daily healthcare needs. The initiative was implemented with Bar Mashariq Association, improving daily living conditions for 12 elderly beneficiaries.

EDUCATIONAL SUPPORT

Donation of 3,000 healthcare discount vouchers (40%) to support students, staff, and families at Al Yamamah University & Maimouna Bint Al-Harith School.

SUPPORT FOR THE GOLDEN BELT DEVELOPMENT ASSOCIATION

Support for community development initiatives implemented by Al-Hizam Al-Dhahabi Development Association to strengthen community participation and social cohesion.

WORLD NO TOBACCO DAY AWARENESS INITIATIVE

Employee awareness activation held in collaboration with Naqa Anti-Smoking Association, including CO testing, consultations, and educational demonstrations.

MEDICAL DEVICES SUPPORT – COMPREHENSIVE REHABILITATION CENTER

Provision of specialized medical devices to strengthen rehabilitation services and improve accessibility for individuals with disabilities in collaboration with MHRSD, benefitting 177 patients.

WORLD CHILDHOOD CANCER DAY ACTIVATION

Public awareness activation promoting solidarity with children battling cancer and strengthening community engagement.

BREASTFEEDING AWARENESS SEMINAR

Community health seminar delivered at Al-Dawaa Pharmacy 326 addressing breastfeeding benefits and practices.

WHEELCHAIR DONATION INITIATIVE FOR HAJJ PILGRIMS

Donation of 164 medical wheelchairs, in collaboration with Waqf Al-Shifaa and Zamzam Associations, to support elderly and disabled pilgrims during Hajj and improve mobility.

DAWAA TALK PODCAST (DAWAA TALK)

Digital health podcast series featuring healthcare professionals discussing medical topics and providing reliable health information to the public through digital platforms.

EDUCATIONAL SUPPORT

Support of a community educational event contributing to educational projects and publishing five translated books for educators and parents.

SUPPORT FOR LONG-TERM CARE PATIENTS

Provision of essential medical supplies to patients receiving long-term care in healthcare facilities. The initiative benefitted 68 patients.

CERVICAL LIFE – CERVICAL CANCER AWARENESS CAMPAIGN

Public health awareness campaign conducted with medical partners focusing on cervical cancer prevention, early detection, HPV vaccination, and correcting common misconceptions. The campaign was implemented in collaboration with the Obstetrics & Gynecology Club and King Fahd University Hospital reaching over 700 visitors.

ESG AND SOCIAL RESPONSIBILITIES

GOVERNANCE

INDEPENDENT MEMBERS ON THE BOARD OF DIRECTORS

The Company enhances the independence of its Board of Directors through the representation of independent members, which reached **33%**, supporting effective governance and independent decision-making.

ATTENDANCE OF BOARD AND COMMITTEE MEMBERS

The Company ensures the regular attendance of Board and committee members, with attendance reaching **100%**, reflecting a high level of commitment and effectiveness in oversight.

BOARD AND COMMITTEE MEETINGS

The Company holds regular Board and committee meetings, with **15 meetings held during the year**, contributing to effective decision-making and strengthening governance.

ENSURING THE SAFETY OF CUSTOMER DATA PROTECTION

The Company implements advanced controls to protect customer data, achieving a compliance rate of **100%**, which enhances trust and safeguards the confidentiality of information.

COMPLETION OF ENTERPRISE-WIDE TWO-FACTOR AUTHENTICATION IMPLEMENTATION

The Company has adopted two-factor authentication technologies to enhance system security, achieving **100%** implementation, which contributes to reducing cybersecurity risks.

SHAREHOLDERS' AND INVESTORS' SATISFACTION WITH COMPANY PERFORMANCE

The Company measures shareholder and investor satisfaction on a regular basis, with satisfaction rates reaching **95%**, reflecting confidence in the Company's performance and transparency.



GOVERNANCE SECTION

BOARD OF DIRECTORS AND ITS SUBCOMMITTEES INFORMATION



GOVERNANCE SECTION

1. COMPOSITION OF THE BOARD OF DIRECTORS AND COMMITTEE MEMBERS MEMBERSHIP CLASSIFICATION

(EXECUTIVE BOARD MEMBER - NON-EXECUTIVE BOARD MEMBER - INDEPENDENT BOARD MEMBER)

The Company is managed by a Board of Directors consisting of six members, including two independent members, for a five-year term.

NAME	POSITION	MEMBERSHIP STATUS
Mr. Samir Mahmoud Fayyad Abdulhadi	Chairman of The Board of Directors	Non-executive
Mr. Ibrahim Salem Mohammed Al-Ruwais	Deputy of the Board of Directors	Independent
Mr. Hassan Abdullah Durar Somali	Member of the Board of Directors	Independent
Mr. Hamad Mohammed Mubarak Al-Huthaili	Member of the Board of Directors	Non-executive
Mr. Waleed Mohammed Al-Jaafari	Member of the Board of Directors, MD	Executive
Mr. Mohammed Saad Butti Al-Farraj	Member of the Board of Directors, CEO	Executive

Audit committee

NAME	POSITION	MEMBERSHIP STATUS
Mr. Ibrahim Salem Mohammed Al-Ruwais,	Chairman of the Committee	Independent
Mr. Abdul Rahman Abdullah Al-Dahim	Member	Independent from outside the Council
Walid Issam Sabri	Member	Independent from outside the Council

Nomination and remuneration committee

NAME	POSITION	MEMBERSHIP STATUS
Mr. Hassan Abdullah Durar Somali	Chairman of the Committee	Independent
Mr. Ibrahim Salem Mohammed Al-Ruwais	Member	Independent
Mr. Hamad Mohammed Mubarak Al-Huthaili	Member	Non-executive

2. NAMES OF BOARD MEMBERS, THEIR CURRENT AND PREVIOUS POSITIONS, QUALIFICATIONS, AND EXPERIENCES

(EXECUTIVE BOARD MEMBER - NON-EXECUTIVE BOARD MEMBER - INDEPENDENT BOARD MEMBER)

Samir Mahmoud Fayyad Abdulhadi



Experience:

Administrative - Engineering - Financial

Current Roles

- Assistant Chairman of the Board
- General Manager of the Investment, Distribution and Trading Group

Previous Roles Held

- CEO of Orbit Group
- General Manager of the Trade and Distribution Group in Mawarid Holding Company Ltd.
- CEO of Mawarid Investment Company Company
- General Manager of Mawarid Trading Group
- General Manager of Mawarid Company Foodstuff
- Managing Director of the Arab Detergent Chemical Company - DAC
- Director of Projects and Technology Evaluation Department at SABIC Company
- Vice President of Eastern Petrochemical Company - Sharq

Educational Qualification

- Master's degree in petrochemicals and hydrocarbons, Manchester University of Science and Technology, United Kingdom, in 1976
- Bachelor of Science, University of North London, United Kingdom, in 1975

Ibrahim Salem Mohammed Al-Ruwais



Experience:

Finance - Internal Audit and Governance

Current Roles

- Retired of Public Retirement Corporation

Previous Roles Held

- Internal Auditor and Financial Advisor at Public Retirement Corporation
- Accountant and Financial Analyst at the Ministry of Finance

Educational Qualification

- Bachelor's Degree in Accounting, King Saud University, Kingdom of Saudi Arabia, in 1982

Waleed Mohammed Abdullah Al-Jaafari



Experience:

Economic - Financial Administrative - Investment

Current Roles

- Managing Director and Member of the Board of Directors Al-Dawaa Medical Services Company

Previous Roles Held

- Chairman of the Board of Directors of Al-dawaa Medical services Co. Ltd.
- Member of the Board of Directors and General Manager of the Gulf Stevedoring Contracting Company Ltd.

Educational Qualification

- Bachelor's Degree in Economics from King Saud University in 1982

Mohammed Saad Butti Al-Farraj

Experience:

Economic - Financial Administrative - Investment



Current Roles

- Member of the Board of Directors & CEO of Al-Dawaa Medical Services

Previous Roles Held

- General Manager of Al-dawaa Medical Services Ltd.

Educational Qualification

- Master of Business Administration for Executives, American University of Beirut, Lebanon, 2008
- Bachelor's Degree in Finance Management, King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, 1994

Hassan Abdullah Durrar Al Somali

Experience:

Financial - Administrative - Insurance



Current Roles

- Retired from Saudi Arabian Cooperative Insurance Company - SAICO

Previous Roles Held

- CEO of Saudi Arabian Cooperative Insurance Company (SAICO)
- Executive Vice President and General Manager at Saudi Arabian Insurance Company Ltd.
- Insurance Underwriting Officer at the National Insurance Company
- Claims Insurance Underwriting Officer for the Claims and Reinsurance Management Unit

Educational Qualification

- Master of Business Administration, Specializing in Insurance, American University in London, United Kingdom, 2002
- Bachelor's Degree in Economics, Bocconi University, Italy in 1977

Hamad Muhammad Mubarak Al-Huthaili



Experience:

Banking - Finance - Administrative

Current Roles

- Senior Advisor at Mawarid Holding Co. Ltd.

Previous Roles Held

- Former Secretary General and General Manager of Saudi Hollandi Bank
- Formerly a Senior Investment Advisor at the Saudi Arabian Monetary Agency

Educational Qualification

- Bachelor's Degree in Financial Management and Marketing Management, University of St. Thomas, USA, 1984

3. NAMES OF COMPANIES INSIDE OR OUTSIDE THE KINGDOM IN WHICH A MEMBER OF THE COMPANY'S BOARD OF DIRECTORS IS A MEMBER OF ITS CURRENT OR PREVIOUS BOARDS OF DIRECTORS OR ONE OF ITS DIRECTORS

Samir Mahmoud Fayyad Abdulhadi

Current companies

Al-Dawaa Company for Medical Services

Legal Entity

Listed

Headquarters

Inside KSA

Previous companies

Orbit Group - Bahrain

Legal Entity

Limited

Headquarters

Outside KSA

Mawarid Investment Company

Limited

Inside KSA

Mawarid Holding Company

Limited

Inside KSA

Saudi Chemical Company

Listed

Inside KSA

MEED Holding Company

Limited

Inside KSA

Orbit Communications Company

Limited

Outside KSA

Mawarid Food Company

Limited

Inside KSA

Arab Detergent Chemical Company - DAC

Limited

Inside KSA

Saudi Company - SABIC

Listed

Inside KSA

Eastern Petrochemical Company - Sharq

Limited

Inside KSA

Panther Media Ltd. - Emirati Company

Limited

Outside KSA

Ibrahim Salem Mohammed Al-Ruwais

Current companies	Legal Entity	Headquarters
Al-Dawaa Company for Medical Services	Listed	Inside KSA
Al Bilad Economics and Trade Company	Limited	Inside KSA
Eastern Province Cement Company	Listed	Inside KSA
The Arab Yemeni Cement Company	Limited	Outside KSA

Previous companies	Legal Entity	Headquarters
Tawuniya Cooperative Insurance Company	Listed	Inside KSA
Gulf Tourist Areas Co. Ltd.	Limited	Inside KSA
Dur Hospitality Co.	Listed	Inside KSA

Waleed Mohammed Abdullah Al-Jaafari

Current companies	Legal Entity	Headquarters
Al-Dawaa Company for Medical Services	Listed	Inside KSA
Advanced Petrochemical Company	Listed	Inside KSA
Al Bilad Economics and Trade Company	Limited	Inside KSA
Eastern Province Cement Company	Listed	Inside KSA
Meshraf Real Estate development co.	Limited	Inside KSA
Gulf Real Estate Development Company	Closed	Inside KSA
Siyaha Alalmiya Company	Closed	Inside KSA
Prinsa Saudi Co.t	Limited	Inside KSA

Previous companies	Legal Entity	Headquarters
Digital Business Systems Company	Limited	Inside KSA
Manufacturing and Energy Services Company - Taqa	Closed	Inside KSA
Siyaha Alamiyah Company	Closed	Inside KSA
Gulf Stevedoring Contracting Co.	Limited	Inside KSA
Walaa Cooperative Insurance Company	Listed	Inside KSA

Mohammed Saad Butti Al-Farraj

Current companies	Legal Entity	Headquarters
Al-Dawaa Medical Services Company	Listed	Inside KSA
Eastern Province Cement Company	Listed	Inside KSA
Dhahran International Exhibitions Company	Closed	Inside KSA
Maamel National Company Ltd.	Limited	Inside KSA
Ramla Holding Group	Holding	Inside KSA
Digital Business Systems Company	Limited	Inside KSA
Meshraf Real Estate Development Company	Limited	Inside KSA
Meshraf General Contracting Company	Limited	Inside KSA
Modawaa, Reayia for Medical Care	Limited	Inside KSA
Prinsa Saudi Company	Limited	Inside KSA
Al Bilad Economics and Trade Company	Limited	Inside KSA
Arnesco for Environmental Sciences	Limited	Inside KSA
Ramel Holding Company	Limited	Inside KSA
Previous companies	Legal Entity	Headquarters
Saudi Marketing Company (Farm Superstores)	Listed	Inside KSA
Yemeni Arab Cement Company	Limited	Outside KSA

Hassan Abdullah Durrar Al-Somali

Current companies	Legal Entity	Headquarters
Al-Dawaa Medical Services	Listed	Inside KSA
Saudi Arabian Insurance Company Ltd. - Bahrain	Limited	Outside KSA
Yemen General Insurance Company	Limited	Outside KSA
Previous companies	Legal Entity	Headquarters
Gulf Assist Company	Limited	Outside KSA
Saudi Arabian Insurance Company for Cooperative Insurance	Listed	Inside KSA
Saudi Arabian Insurance Company Ltd. - Bahrain	Limited	Outside KSA
Al Yamamah Insurance Company	Limited	Outside KSA

Hamad Mohammed Mubarak Al-Huthaili

Current companies	Legal Entity	Headquarters
Al-Dawaa Medical Services	Listed	Inside KSA
Digital Business Systems Company	Limited	Inside KSA
Mawarid Holding Company	Limited	Inside KSA
Mawarid Energy and Mining Company	Limited	Inside KSA
Intelligent Interaction Financial Company	Limited	Inside KSA

Previous companies	Legal Entity	Headquarters
Rasmala Investment Bank - Emirati	Limited	Inside KSA
Rasmala Investment Saudi	Limited	Inside KSA
Saudi Hollandi Bank	Limited	Inside KSA
Saudi Traveler's Checks Company	Limited	Inside KSA
Saudi Stock Registration Company	Limited	Inside KSA
Integrated Telecommunication Co.	Limited	Inside KSA

4. NAMES OF AUDIT COMMITTEE MEMBERS, THEIR QUALIFICATIONS, CURRENT AND PREVIOUS POSITIONS, AND EXPERIENCES

Ibrahim Salem Mohammed Al-Ruwais

Chairman of the Committee - Independent

Current Roles

- See board members' information table

Previous Roles Held

- See board members' information table

Educational Qualification

- See board members' information table

Abdul Rahman Abdullah Al-Dahim

Independent Committee Member from Outside the Council

Experience

Finance – Audit

Current Roles

- Retired

Previous Roles Held

- Internal auditor at the General Organization for Social Insurance
- Accounting specialist at Saudi House for Consulting Services
- Director of Internal Control at the Saudi Livestock Transport and Trade Company

Educational Qualification

- Bachelor of Administrative Sciences, Majoring in Accounting, King Saud University, 1402

Walid Issam Sabri

Independent Committee Member from Outside the Council

Experience

Finance – Audit

Current Roles

- Member of the Audit Committee at Al-Dawaa Medical Services Company
- Director of Finance at Mawarid Trading Company

Previous Roles Held

- Senior Financial Manager at Al Al-Mawarid Trading Company
- Senior Financial Manager at Al-Mawarid Marketing Company
- Director of Finance for Food Operations at Al-Mawarid Trading International Company
- Director of General Accounting at Al-Mawarid Holding Company
- Senior auditor at Al-Rashed Consultants and Accountants Company

Educational Qualification

- Master of Business Administration, Southern Illinois University, USA, 1989
- Bachelor's Degree in Management, Majoring in Accounting, Yarmouk University, the Hashemite Kingdom of Jordan, in 1984

GOVERNANCE SECTION

5. NAMES OF REMUNERATION AND NOMINATION COMMITTEE MEMBERS, THEIR QUALIFICATIONS, CURRENT AND PREVIOUS POSITIONS AND EXPERIENCES

MEMBER NAME	POSITION	CLASSIFICATION	MEMBER INFORMATION
Hassan Abdullah Durrar Al-Somali	Chairman of the committee	Independent	See board member's information table
Hamad Mohammed Mubarak Al-Huthaili	Committee member	Non-executive	See board member's information table
Ibrahim Salem Mohammed Al-Ruwais	Committee member	Independent	See board member's information table

6. NAMES OF EXECUTIVE MANAGEMENT MEMBERS, THEIR QUALIFICATIONS, CURRENT AND PREVIOUS POSITIONS, AND EXPERIENCES

**Waleed Mohammed
Abdullah Al-Jaafari**



**Mohammed Saad Butti
Al-Farraj**

Current Roles

- See board members' information table

Previous Roles

- See board members' information table

Qualification

- See board members' information table

**Fahad Abdullah
Al-Farraj**

Experience

Finance - Investment - Administrative

Current Roles

- Executive Vice President of Al-Dawaa Medical Services Company
- Member of the boards Digital business systems
- Member of the board of Modwaa and Reayia Medical
- Member of the board of Alwosoom Co.
- CEO of proceed for logistic services.
- General Manager of TMFA Trading Co.

Previous Roles Held

- Portfolio manager in the family office company
- Member of the Board of Directors of a permanent company for financial and marketing consulting
- Commercial Director at Al-Dawaa for Medical Services
- Development Manager at Al-Dawaa Medical Services Company

Qualification

- MBA from Prince Mohamed Bin Salman College
- Bachelor's degree in Finance and Accounting from the University of Kent, United Kingdom, 2012

Shareef Ahmed Al-Aqabawi

Experience

Finance – Audit-Cash Management

Current Roles

- Chief Financial Officer of Al-Dawaa Medical Services Company

Previous Roles Held

- Financial Director and Member of the Board of Directors of Al- Dawaa Medical Services Company Ltd.
- Director of Auditing in the office of Dr. Muhammad Al-Shabani in Saudi Arabia and the Emirates
- Lead auditor at SKICO Saudi Electricity Company
- Financial analyst at the Saudi Ministry of Commerce
- Head of Accounts at Imad Adly Ayoub Contracting Company
- Auditor at Magdy Kamel Saleh’s office
- Accountant at Abdel Moneim Riad Cooperative Housing Association
- Accountant at Cairo Cotton Company

Qualification

- Bachelor of Commerce from Tanta University - Arab Republic of Egypt in 1979

7. NUMBER OF BOARD OF DIRECTORS MEETINGS HELD DURING THE LAST FISCAL YEAR (2025), MEETING DATES, ATTENDANCE RECORDS, AND NAMES OF ATTENDEES

BOARD OF DIRECTORS	Seventeenth 17/03/2025	Eighteenth 20/04/2025	Nineteenth 13/07/2025	Twenty 19/10/2025	Twenty-One 24/12/2025	MEMBER ATTENDANCE STATEMENT
Mr. Samir Mahmoud Fayyad Abdulhadi	✓	✓	✓	✓	✓	5
Mr. Ibrahim Salem Mohammed Al-Ruwais	✓	✓	✓	✓	✓	5
Mr. Hassan Abdullah Durrar Al-Somali	✓	✓	✓	✓	✓	5
Mr. Waleed Mohammed Al-Jaafari	✓	✓	✓	✓	✓	5
Mr. Hamad Mohammed Mubarak Al-Huthaili	✓	✓	✓	✓	✓	5
Mr. Mohammed Saad Butti Al-Farraj	✓	✓	✓	✓	✓	5

8. BOARD PERFORMANCE EVALUATION (METHODS EMPLOYED BY THE BOARD OF DIRECTORS TO EVALUATE ITS PERFORMANCE, THE PERFORMANCE OF ITS COMMITTEES AND MEMBERS, AND THE EXTERNAL ENTITY RESPONSIBLE FOR CONDUCTING THE EVALUATION AND ITS RELATIONSHIP WITH THE COMPANY)

- The Remunerations and Nomination Committee, in accordance with its mandate, reviews the structure of the Board of Directors, committees, and executive management in line with their respective mandates. It provides recommendations regarding possible changes and verifies the independence of independent members, ensuring no conflicts of interest exist between the member and their membership on other company boards.
- The committee also conducts an annual review of the necessary skills or appropriate expertise required for Board membership and executive management positions.
- The committee conducts periodic reviews of the disclosures made by Board members and committees to ensure the absence of conflicts of interest or competition with the company's core activities.

GOVERNANCE SECTION

9. MEASURES TAKEN BY THE BOARD TO INFORM ITS MEMBERS OF SHAREHOLDER PROPOSALS, PARTICULARLY NON-EXECUTIVE MEMBERS, AND THEIR COMMENTS AND SUGGESTIONS REGARDING THE COMPANY AND ITS PERFORMANCE

- The company's Board of Directors, through the General Shareholders' Meetings, provides a platform for shareholders to express their comments and suggestions transparently regarding the company and its performance. Questions and inquiries are addressed during the meeting, and these questions and answers are included in the minutes of each meeting. They are presented to the Board members to keep them informed of these questions.
- The company has established a dedicated Shareholder Relations department aimed at handling all inquiries and complaints from shareholders and responding to them in a appropriate time.

10. BOARD OF DIRECTORS' COMMITTEES

Audit Committee: The Board Committees comprises a minimum of three members, one of whom is proficient in financial and accounting matters.

FIRST: TASKS AND RESPONSIBILITIES OF THE AUDIT COMMITTEE - POLICY OVERVIEW

- Oversight of the company's internal audit management, internal control system, financial management, and risk management, including examination of internal audit reports. Responsibilities include recommending auditors, determining their compensation, monitoring their activities, studying the audit plan, and reviewing auditor observations.
- Review of preliminary and annual financial statements for integrity and transparency before presentation to the Board of Directors, along with ensuring compliance with accounting policies in accordance with generally accepted accounting standards and providing recommendations to the Board accordingly.
- Evaluation of audit plans and auditor activities, scrutiny of supervisory reports, and confirmation of the company's actions in response.
- Verification of the company's adherence to pertinent regulations, laws, policies, and directives, with insights provided to the Board of Directors for consideration.
- Review of contracts and proposed transactions between the company and related parties, with recommendations provided to the Board of Directors. The committee convenes regularly every three months, holding four meetings during the company's fiscal year or as deemed necessary.

SECOND: FORMATION OF THE COMMITTEE

MEMBER NAME	POSITION	CATEGORY
Mr. Ibrahim Salem Mohammed Al-Ruwais	Chairman of the Committee	Independent
Mr. Abdul Rahman Abdullah Al-Dahim	Member	Independent from outside the Council
Mr. Walid Essam Sabri	Member	Independent from outside the Council

THIRD: COMMITTEE MEETINGS

The committee has held (8) meetings during 2025 according to the following schedule:

THE MEETING No.	23	24	25	26	27	28	29	30	MEETINGS
BOARD OF DIRECTORS	12/02/2025	16/03/2025	05/05/2025	14/05/2025	27/05/2025	09/08/2025	14/09/2025	03/11/2025	
Ibrahim Salem Mohammed Al-Ruwais - Chairman of the committee	✓	✓	✓	✓	✓	✓	✓	✓	8
Walid Essam Sabry - Committee member	✓	✓	✓	✓	✓	✓	✓	✓	8
Abdul Rahman Abdullah Al-Dahim - Committee member	✓	✓	✓	✓	✓	✓	✓	✓	8

GOVERNANCE SECTION

REMUNERATION AND NOMINATIONS COMMITTEE

FIRST: RESPONSIBILITIES AND AUTHORITY OF THE REMUNERATION AND NOMINATIONS COMMITTEE

- Recommending nominations to the Board of Directors and proposing clear policies and standards for Board and Executive Management membership.
- Reviewing the structure of the Board of Directors and Executive Management and providing recommendations for potential changes.
- Identifying the strengths and weaknesses of the Board of Directors and proposing solutions aligned with the company's interests.
- Annual verification of the independence of independent members, preparation, and updating of remuneration policies for Board and committee members, periodic review, and evaluation of their effectiveness.
- Clarifying the relationship between granted rewards and applicable policies, highlighting any significant deviations.
- Addressing issues referred by the Board of Directors, providing recommendations for appropriate decisions, reviewing employee allocations and rewards, and approving and evaluating related plans and policies.
- The committee convenes at least twice a year or as needed.

SECOND: FORMATION OF THE COMMITTEE

- The committee comprises 3 non-executive members

MEMBER NAME	POSITION	CATEGORY
Hassan Abdullah Durrar Al-Somali	Chairman of the Committee	Independent
Hamad Mohammed Mubarak Al-Huthaili	Committee member	Non-executive
Ibrahim Salem Mohammed Al-Ruwais	Committee member	Independent

THIRD: COMMITTEE MEETINGS

- The committee has held 3 meetings during the year 2025, according to the following schedule:

NAME	POSITION	THE NINTH 04/02/2025	THE TENTH 06/08/2025	THE ELEVENTH 09/10/2025	MEMBER ATTENDANCE STATEMENT
Hassan Abdullah Durrar Al-Somali	Head of the committee	✓	✓	✓	3
Hamad Mohammed Mubarak Al-Huthaili	Committee member	✓	✓	✓	3
Ibrahim Salem Mohammed Al-Ruwais	Committee member	✓	✓	✓	3

GOVERNANCE SECTION

11. COMPANY REMUNERATION POLICY FOR BOARD MEMBERS, COMMITTEES, AND EXECUTIVE MANAGEMENT POLICY SUMMARY

FIRST: POLICY SUMMARY

The company's articles of association specify the method for remunerating board members according to defined criteria.

- A member is entitled to remuneration from the date of joining the board or committee, and the amount must be proportionate to their actual term of membership.
- Remuneration may consist of a fixed sum, an attendance allowance for meetings, in-kind benefits, or a percentage of net profits.
- The remuneration should be commensurate with the responsibilities of the member or senior executive and be reasonable to attract qualified and experienced board members and executive managers who can be a valuable asset to the company.
- The Remuneration and Nominations Committee is responsible for recommending to the board of directors the remuneration of board members, members of its subcommittees, and executive management.
- The Ordinary General Assembly determines the amount of these bonuses, ensuring they are commensurate with the company's activity, the skills required to manage it, the company's strategy and objectives, and the size, nature, and degree of associated risks. The company must also consider the practices of other companies and what is customary among similar companies to avoid any unjustified increase in bonuses and compensation.
- Bonuses are disbursed within 15 days of their approval by the Board of Directors.
- The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all bonuses, expense allowances, and other benefits received by Board members during the financial year. The standard value for bonuses and attendance allowances is determined as follows:

SECOND: THE STANDARD VALUES OF REWARDS ARE ACCORDING TO THE FOLLOWING TABLE:

THE PRESCRIBED REWARD	BOARD OF DIRECTORS MEMBERSHIP BONUS	REMUNERATION FOR MEMBERSHIP OF THE AUDIT COMMITTEE	REMUNERATION FOR MEMBERSHIP IN THE REMUNERATION AND NOMINATIONS COMMITTEE	ALLOWANCE FOR ATTENDING THE MEETING
THE AMOUNT	500,000	140,000	100,000	3,000

THIRD: STATEMENT ON THE RELATIONSHIP BETWEEN GRANTED REWARDS AND APPLICABLE REWARDS POLICY

- The Board of Directors is committed to ensuring that all compensation awarded aligns with the approved commitments policy, adhering to the principles and standards related to the calculation and entitlement of ethical considerations, and verifying that there is no material deviation from this policy.
- The Board of Directors is committed to transparency regarding the innovative ideas of Board members, representatives' committees, and executive management, and monitors the implementation of the Board and management Remuneration policy to ensure full compliance.

12. BOARD MEMBERS' AND COMMITTEE MEMBERS' BONUSES ABOUT THE YEAR 2025 AD

A- BOARD MEMBER BONUSES PAID DURING 2025

BOARD MEMBERS	Fix Rewards						Variable bonuses						End of service bonus	TOTAL	Expense allowance	
	A specific amount 2024 AD	Allowance of attending council sessions during the year 2025 AD	Total allowance for attending committee meetings	In-kind advantages	Rewards for artistic, administrative, & consulting work	Chairman's or Managing Director's Remuneration Or the secretary, if he is one of the members	THE TOTAL	Profit Percentage	Periodic rewards	Plans short-term incentive	Plans long-term incentive	Granted shares				THE TOTAL
INDEPENDENT																
Ibrahim Salem Mohammed Al-Ruwais	740,000	15,000	33,000	0	0	0	788,000	0	0	0	0	0	0	0	788,000	0
Hassan Abdullah Durrar Al Somali	600,000	15,000	12,000	0	0	0	627,000	0	0	0	0	0	0	0	627,000	0
THE TOTAL	1,340,000	30,000	45,000				1,412,000								1,412,000	
NON-EXECUTIVE								0	0	0	0	0	0	0	0	
Samir Mahmoud Fayyad Abdulhadi	500,000	15,000	0	0	0	0	515,000	0	0	0	0	0	0	0	515,000	0
Hamad Mohammed Mubarak Al-Huthaili	600,000	15,000	12,000	0	0	0	627,000	0	0	0	0	0	0	0	627,000	0
THE TOTAL	1,100,000	30,000	12,000	0	0	0	1,142,000	0	0	0	0	0	0	0	1,142,000	
EXECUTIVE						0									0	
Waleed Mohammed Al-Jaafari	500,000	15,000	0	0	0	0	515,000	0	0	0	0	0	0	0	515,000	0
Mohammed Saad Butti Al-Farraj	500,000	15,000	0	0	0	0	515,000	0	0	0	0	0	0	0	515,000	0
THE TOTAL	1,000,000	30,000	0	0	0	0	1,030,000	0	0	0	0	0	0	0	1,030,000	0
TOTAL REWARDS	3,440,000	90,000	57,000				3,587,000								3,587,000	

GOVERNANCE SECTION

B- SECOND: REMUNERATION OF MEMBERS OF THE AUDIT COMMITTEE FOR THE YEAR 2025

m	MEMBER	Fixed Rewards	Session Attendance Allowance 2025	Total Rewards
1	Ibrahim Salem Mohammed Al-Ruwaiss	140,000	21,000	161,000
2	Walid Essam Sabri	140,000	21,000	161,000
3	Abdulrahman Abdullah Al-Duhaim	140,000	21,000	161,000
Total Rewards		420,000	63,000	483,000

C- THIRD: REMUNERATION FOR MEMBERS OF THE REMUNERATION AND NOMINATIONS COMMITTEE FOR THE YEAR 2025

m	MEMBER	Fixed Rewards	Session Attendance Allowance 2025	Total Rewards
1	Hassan Abdullah Durrar Al Somali	100,000	12,000	112,000
2	Ibrahim Salem Mohammed Al-Ruwaiss	100,000	12,000	112,000
3	Hamad Mohammed Al-Huthali	100,000	12,000	112,000
Total Rewards and Nominations		300,000	36,000	336,000

- Fixed allowance (specified amount) representing the council members' bonuses for 2024 for attending council and committee meetings, disbursed during 2025.
- Attendance and expense allowances for 2025

D – FORTH: REMUNERATION FOR SENIOR EXECUTIVES WHICH WERE SPENT DURING THE YEAR 2025 AD

5 of the company's senior executives, including the CEO and CFO, are disclosed according to the table below:

THE NAME	FIXED REWARDS				VARIABLE REWARDS						End-of-service bonus	Total compensation for executives on the board, if any	TOTAL
	SALARIES	SUITS	IN-KIND ADVANTAGES	THE TOTAL	PERIODIC REWARD	PERCENTAGE OF PROFITS	SHORT-TERM INCENTIVE PLANS	LONG-TERM INCENTIVE PLANS	GRANTED SHARES (VALUE) ENTERED)	THE TOTAL			
Five of the top executives who received the highest bonuses included the CEO and the CFO	9,183,120	2,973,780	-	12,156,900	1,776,000	19,700,000	-	-	-	21,476,000	1,043,791	34,676,691	

GOVERNANCE SECTION

COMPANY'S POLICY ON DISTRIBUTING SHARE DIVIDENDS AND SHAREHOLDERS' RIGHTS



GOVERNANCE SECTION

1. POLICY ON DISTRIBUTING SHARE DIVIDENDS

- The Ordinary General Assembly may, when determining the distribution of shares in net profits, establish reserves to the extent that serves the company's interests or ensures the distribution of consistent profits to shareholders as much as possible. The Assembly may also allocate amounts from net profits for social purposes for the company's employees. Shareholders are entitled to their share of the net profits to be distributed in cash or shares, as well as their share of the company's assets upon liquidation. They also have the right to dispose of their shares in accordance with the company's articles of association and the regulations of the financial market and their implementing rules. Shareholders are entitled to their share of profits according to the resolution of the General Assembly or the Board of Directors regarding the distribution of interim profits. The resolution specifies the entitlement date and the distribution date, which must be within 15 working days from the entitlement date.
- When proposing a dividend distribution, the Board of Directors must consider the amount of distributable net profits and available cash flow. The company must be profitable and consistent, possess reasonable liquidity, and be able to reasonably predict its profit levels. Furthermore, the company must have sufficient distributable profits, as per the latest audited financial statements, to cover the proposed dividends after deducting any dividends already distributed or capitalized after the date of those financial statements.
- The company may distribute interim dividends to its shareholders based on authorization from the Ordinary General Assembly, which is renewed annually after fulfilling all regulatory requirements.
- Dividends are distributed through banks under agreements concluded by the executive management with the banks, or through the Capital Market Authority or the depositary (Tadawulaty).
- The Board of Directors is obligated to disclose and announce the regular periodic dividends to be distributed to shareholders on their respective dates. It must also disclose to the CMA and the public immediately and without delay when making a decision to distribute interim dividends.

POLICY ON OUTSTANDING STOCK PROFITS

- As per Article 42 of the Executive Regulations of the Companies Law for Listed Joint Stock Companies, if the company fails to distribute the specified percentage of net profits to holders of outstanding shares for three consecutive years, the special assembly for these shareholders, convened in accordance with Article 89 of the Companies Law, may decide to attend the company's general assembly meetings and participate in voting until all profits allocated to them for those years are disbursed. Each outstanding share entitles the shareholder to one vote at General Assembly meetings, granting them the right to vote on all agenda items without exception in this scenario.

2. STATEMENT OF DIVIDENDS DURING THE YEAR 2025

- The company distributed cash dividends to the company's shareholders during a year 2025, according to the following table:

STATEMENT	THIRD QUARTER OF 2024	FOURTH QUARTER OF 2024	FIRST QUARTER OF 2025	SECOND QUARTER OF 2025
Amount of distributed profits	53,550,000	53,550,000	53,550,000	53,550,000
Dividend per share	0.63	0.63	0.63	0.63
Fiscal Year	2025	2025	2025	2025
Due Date	10/02/2025	20/05/2025	11/08/2025	09/11/2025
Distribution Date	25/02/2025	03/06/2025	25/08/2025	23/11/2025

- Therefore, the total distributed amount during the year 2025 will be 2.52 Saudi Riyals, which represents 25.2% of the nominal value of the share, with a total of 214,200,000 Saudi Riyals.

GOVERNANCE SECTION

3. SHAREHOLDERS' RIGHTS

- Demonstrating a steadfast commitment to safeguarding the rights of shareholders and stakeholders, the company has incorporated these rights into its governance regulations. Moreover, the company endeavours to ensure that shareholders and investors remain well informed about significant developments through the dissemination of financial reports, announcements, and crucial information. Essential information is accessible via the financial market "Tadawul" website and the company's electronic platform. Furthermore, general shareholders' assemblies prioritize communication with shareholders by offering direct channels for inquiries and feedback.
- The Board of Directors pledges to furnish shareholders with complete, transparent, accurate, and non-misleading information promptly, empowering them to fully exercise their rights.
- With a dedication to upholding fairness and equality among shareholders of the same class, the Board of Directors works tirelessly to protect shareholders' rights, ensuring that no entitlement is unjustly withheld and that all shareholders receive their rightful share of profits, whether distributed in cash or through share issuance.
- The Board of Directors ensures that shareholders are invited to attend both ordinary and extraordinary general assemblies, facilitating their participation in discussions, queries, and voting processes. Moreover, shareholders are granted access to review the company's books and documents, including pertinent data and information concerning the company's activities and its operational and investment strategies, while safeguarding the company's interests and adhering to relevant laws and regulations.
- To foster effective and equitable communication between the company and its shareholders, a specialized investor relations department has been established, aimed at nurturing transparent and mutually beneficial relationships.

4. NUMBER OF COMPANY REQUESTS FOR THE SHAREHOLDERS REGISTER AND THEIR DATES AND REASONS

- In the year 2025, the company submitted 2 requests for the shareholders' register.

DATE	THE PURPOSE
12/05/2025	General Assembly
12/10/2025	General Assembly

GOVERNANCE SECTION

**INTERESTS,
SUBSCRIPTION
RIGHTS, AND
CONTRACTUAL
DOCUMENTS IN
THE COMPANY'S
SHARES AND DEBT
INSTRUMENTS**

GOVERNANCE SECTION

1. THE SHARES AND DEBT INSTRUMENTS AND THEIR CHANGES FOR THE MEMBERS OF THE BOARD OF DIRECTORS AND THEIR RELATIVES IN THE COMPANY AND ITS SUBSIDIARIES DURING THE YEAR 2025

Member	Number of shares At the beginning of 2025	Number of Shares At the end of 2025	Percentage of change	Relatives' shares at the beginning of 2025	Relatives' shares at the end of 2025	Percentage of change	Debt instruments at the beginning and end of the year
Mr. Samir Mahmoud Fayyad Abdulhadi	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Ibrahim Salem Mohammed Al-Ruwais	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Hassan Abdullah Durrar Somali	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Hamad Mohammed Mubarak Al-Huthaili	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Waleed Mohammed Al-Jaafari	700,000	700,000	N/A	200,000	N/A	N/A	N/A
Mr. Mohammed Saad Butti Al-Farraj	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2. STATEMENT OF NAMES, NUMBER OF SHARES, AND OWNERSHIP PERCENTAGE OF MAJOR SHAREHOLDERS IN THE COMPANY AND ITS SUBSIDIARIES, WHO OWN (5%) OR MORE, AND THEIR CHANGES DURING THE YEAR 2025

Member	Number of shares at the beginning of 2025	Number of shares at the end of 2025	Percentage of change	Debt instruments at the beginning and end of the year
Prince Turki bin Mohammed bin Fahd Al Saud	11,733,828	11,733,828	0	N/A
Mawarid Holding Co.	29,749,703	29,749,703	0	N/A
Ramla Holding Group	17,000,000	17,000,000	0	N/A

3. DESCRIPTION OF THE INTEREST OF SENIOR EXECUTIVES AND THEIR RELATIVES IN THE COMPANY IS SHARES AND DEBT INSTRUMENTS, OR ANY OF ITS SUBSIDIARY COMPANIES, AND THE CHANGES THAT OCCURRED TO THEM DURING THE YEAR 2025

Shareholder name	Number of shares at the beginning of 2025	Number of shares at the end of 2025	Percentage of change	Relatives' shares at the beginning of 2025	Relatives' shares at the end of 2025	Percentage of change	Debt instruments at the beginning and end of the year
Fahad Abdullah Al Farraj	N/A	N/A	0	N/A	N/A	0	N/A
Shareef Ahmed Al-Aqabawi	N/A	N/A	0	N/A	N/A	0	N/A

GOVERNANCE SECTION

CORPORATE GOVERNANCE



GOVERNANCE SECTION

1. SUMMARY OF GOVERNANCE POLICY

The Board of Directors establishes specific governance rules aimed at ensuring the company's compliance with regulations and regulatory requirements to achieve best practices in corporate governance. This includes the review and development of professional conduct rules reflecting the company's values, along with other policies and procedures aligned with best practices to meet the company's needs. The Board of Directors ensures its members are kept abreast of ongoing developments in corporate governance and best practices.

- The company adopts advanced standards in corporate governance, encompassing the separation of responsibilities between the Board of Directors and executive management. Policies are implemented to ensure the Board operates in the shareholders' best interests, in compliance with all provisions of the Corporate Governance Regulations issued by the Saudi Arabian Capital Market Authority, emphasizing principles of disclosure and transparency, integral for regulating relationships with relevant parties.
- Executive management executes policies and procedures set forth by the Board regarding the disclosure of significant developments, financial data, and performance reports, ensuring compliance with legal requirements and regulations.
- The company pledges to promptly inform the Saudi Arabian Capital Market Authority and the public of any material developments affecting its assets, liabilities, financial position, or overall direction, not previously known to the public.
- Formation of committees under the Board of Directors, including the Audit Committee and the Compensation and Nomination Committee, with members appointed in accordance with Corporate Governance Regulations issued by the Saudi Arabian Capital Market Authority and approved regulatory bylaws.
- Regular updates to the company's governance regulations as necessary to ensure ongoing alignment with evolving requirements and best practices.

2. IMPLEMENTATION OF CORPORATE GOVERNANCE REGULATIONS AND REASONS FOR NON-COMPLIANCE

- The company has implemented all the provisions of the Corporate Governance Regulations issued by the Saudi Arabian Capital Market Authority, except for those listed in the attached table below:

ARTICLE NUMBER	ARTICLE STATEMENT	REASONS FOR NON-APPLICATION
39	Evaluation	Guidance Material
67-68-69	Formation of a Risk Management Committee	Guidance Material
82	Motivating Employees	Guidance Material
92	Formation of a Corporate Governance Committee	Guidance Material

- Commitment to specifying and announcing the date, location, and agenda of the General Assembly meeting at least 21 days prior to convening.
- Announcements are published on the Saudi Arabian Capital Market Authority's website (Tadawul), utilizing modern technology methods for meeting conduct.

GOVERNANCE SECTION

3. STATEMENT OF GENERAL ASSEMBLY MEETINGS DATES FOR SHAREHOLDERS DURING THE YEAR 2025

NAME	POSITION	12/05/2025	12/10/2025
		Attendance of Ordinary General Assembly	Attendance of extraordinary General Assembly*
Mr. Samir Mahmoud Fayyad Abdulhadi*	Chairman of Board of Directors	✓	✓
Mr. Ibrahim Salem Mohammed Al-Ruwais	Deputy Chairman of the Board & Chairman of the Audit Committee	✓	✓
Mr. Hassan Abdullah Durrar Al Somali	Member of the Board of Directors & Chairman of the NRC Committee	✓	✓
Mr. Waleed Mohammed Abdullah Al-Jaafari	Member of the Board of Directors Managing Director	✓	✓
Mr. Hamad Mohammed Mubarak Al-Huthaili	Member of the Board of Directors	✓	✓
Mr. Mohammed Saad Butti Al-Farraj	Member of the Board of Directors & Chief Executive Officer	✓	✓

* The Board chairman apologized for not attending the EGM meeting held on 12/10/2025, due to emergency reasons, and the Vice-President of the board presided over the meeting.

4. STATEMENT OF THE PENALTIES, PRECAUTIONARY MEASURES, OR PRECAUTIONARY RESTRICTIONS IMPOSED ON THE COMPANY BY SUPERVISORY, REGULATORY, OR JUDICIAL AUTHORITIES 2025

- The General Secretariat of the Committee for Adjudicating Violations of the Competition Law issued Decision No. 241 in Case No. 4/1445, imposing a total fine of SAR 1,847,541 (one million eight hundred and forty-seven thousand five hundred and forty-one riyals) on the company for committing a violation in accordance with the provisions of Paragraph 1 of Article 5 of the Competition Law. The company confirms that the aforementioned incident did not affect the company's assets or liabilities, its financial position, or its business operations. Furthermore, the company states that the fine represents 0.037% of its total revenue as of its latest audited preliminary financial statements (third quarter).

It should be noted that the company has appealed this decision to the Supreme Administrative Court under Appeal No. 13943, dated 1446 AH.

GOVERNANCE SECTION

ANNUAL REVIEW OF THE INTERNAL CONTROL PROCEDURES



GOVERNANCE SECTION

1. INTERNAL CONTROL PROCEDURES

The executive management of the company has developed internal regulations that govern administrative, financial, and technical aspects. The internal audit department performs several key tasks, including:

1. Assessing the overall internal control system of the company through periodic reviews of all activities and procedures across all departments.
2. Ensuring the effectiveness of work procedures and the company's compliance with regulatory requirements. It also submits regular reports to the Audit Committee, which reviews them and provides assistance in resolving any difficulties encountered in performing its tasks.
3. Ensuring the soundness of the company's internal control system, which is established on solid foundations and implemented efficiently and effectively.
4. The internal audit management is functionally connected to the Audit Committee, which ensures its independence from the executive management.

2. OPINION OF THE AUDIT COMMITTEE ON THE ADEQUACY OF THE INTERNAL CONTROL SYSTEM IN THE COMPANY

The Audit Committee reviews the periodic and annual reports prepared by the internal audit management of the company and monitors the implementation of the recommendations contained therein on a regular and continuous basis. Based on the review conducted, the committee finds that there are no significant deficiencies in the internal control systems and that they are effective in preventing and detecting errors. No material breaches or violations of internal control systems have occurred during the year 2025.

The Audit Committee has recommended the nomination of KPMG as the company's auditor for the year 2025. This recommendation was approved by the company's general assembly on 14/11/1445 H corresponding to 12/05/2025 for auditing the company's accounts for the year 2025 until the first quarter of 2026.

3. BOARD OF DIRECTORS' DECLARATIONS

The financial records have been prepared correctly.

The internal control system has been established on sound foundations and implemented effectively.

There is no significant doubt regarding the company's ability to continue its operations.

GOVERNANCE SECTION

BOARD OF DIRECTORS CONFIRMATIONS



GOVERNANCE SECTION

The Board of Directors is committed to ensuring the company's compliance with regulations and instructions that ensure the effectiveness of the company's performance. Based on a series of measures taken during the year 2025, the Board of Directors confirms the following:

A) Internal Control System

1. There is no conflict between the recommendations of the audit committee and the decisions of the Board of Directors.
2. There are no deviations from the approved accounting standards by the Saudi organization for certified public accountants.

B) Reservations on External Audit Reports

1. There are no reservations on the external auditor's report, including reservations on the annual financial statements.
2. The Board of Directors does not recommend changing the external auditors before the designated period.

C) Waivers of Board Members' Bonuses, Shareholders' Profits, and Employee Investments

1. There are no arrangements or agreements through which any member of the Board of Directors waives bonuses or prescribed attendance allowances.
2. There are no arrangements or agreements through which any shareholder of Al-Dawaa Medical Services Company waives any rights to profits.
3. There are no investments or other provisions established for the benefit of Al-Dawaa's employees.

D) Competition Activities or Transactions with Related Parties

1. There are no competition activities or transactions related to the company's business or any of its branches, carried out by any member of the Board of Directors.

E) Debt Instruments, Subscription Rights, or Contractual Securities on the Company

1. There is no interest in the category of voting shares held by individuals (excluding members of the company's Board of Directors, senior executives, and their relatives) who have notified the company of such rights under Article 67 of the securities offering and continuous obligations rules, and any changes in those rights during the last fiscal year.
2. There are no convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the company during the fiscal year, with an explanation of any consideration received by the company in return.
3. There are no conversion or subscription rights under convertible debt instruments, contractual securities, subscription warrants, or similar rights issued or granted by the company.
4. There is no redemption, purchase, or cancellation by the company of any redeemable debt instruments, with the remaining value of the securities, distinguishing between the listed securities purchased by the company and those purchased by its subsidiaries.
5. There are no debt instruments issued by the company to any of its subsidiaries.
6. There are no treasury shares held by the company.

FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

1. THE MAIN ACTIVITY OF THE COMPANY

Al Dawaa Medical Services Company (herein after referred as the "Company") is a Saudi Joint Stock Company. The Company was initially registered as a Limited Liability Company in the Kingdom of Saudi Arabia ("KSA") under Commercial Registration numbered 2051025701 dated 23 Ramadan 1422H (corresponding to 8 December 2001G) and national unified number 7001428445 with branches in Khobar, Riyadh, Jeddah, and other cities across the Kingdom. The Company's registered office is located at P.O. box 4326, Al Khobar 31952, Kingdom of Saudi Arabia.

The Company is listed on Saudi Stock Exchange (Tadawul) since 14 March 2022 with a free float of 30% of the Company's share capital.

The Company and its subsidiaries listed below (collectively referred to as the "Group") are engaged in online wholesale of pharmaceutical products, pharmaceutical agents, wholesale of pharmaceutical goods, related pharmacy activities, pharmaceutical warehousing activities, retail of medical equipment and other equipment, online retailing, land transport of goods, providing delivery services via electronic platforms, managing and renting self-storage stores and manufacturing of single-use medical products and disposables.

2. SUBSIDIARIES AND THEIR ACTIVITIES

	Subsidiaries	Country of incorporation	Company ownership percentage	Other partners (if any)	Activity	Capital
1*	Al Dawaa Medical Services Company - Dubai	UAE	100%	N/A	Marketing activities	One hundred thousand (100,000) UAE dirhams
2*	Glanzin Free Zone Company (L.L.C),	UAE	100%	50% for Ronzac Company - 50% for Hollinz Company	Marketing activities and health care management consulting activities	One hundred thousand (100,000) UAE dirhams
3	Premier Medical Devices Manufacturing Company	KSA	100%	N/A	Manufacture of single-use medical products and consumables, manufacture of medical examination tables and surgical furniture, manufacture of beds with mechanical motion additives, manufacture of medical thermometers, manufacture of respirators and medical anesthesia	And the amount of five hundred thousand (500,000) Saudi riyals
4*	Hollinz GmbH	Germany	100%	N/A	Granting marketing licenses for pharmaceutical products, consumer goods and food products	Twenty-five thousand (25,000) euros
5*	Ronzac GmbH	Germany	100%	N/A	Granting marketing licenses for pharmaceutical products, consumer goods and food products	Twenty-five thousand (25,000) euros
6	Solutions Systems for Logistics Services Company	KSA	100%	N/A	Providing logistics, storage, custom clearance and waste transportation services.	Five hundred thousand (500,000) Saudi riyals

* The Company has accounted for the investment in these subsidiaries at cost and classified as investment in unconsolidated subsidiaries (except Premier Medical Devices Manufacturing Company) as these subsidiaries have not yet commenced operations. The assets, liabilities and operations of these subsidiaries as of 31 December 2024 and for the year then ended are not material to the Group's consolidated financial statements. These investments have been written off in 2025.

3. RELATED PARTIES' TRANSACTIONS AND CONTRACTS

Related party name	Nature of Relationship	Nature of transactions	Transaction Amount (in Saudi Riyals)	CONDITIONS
Digital Business Systems Company for Information Technology	An indirect interest with: - Samir Mahmoud Abdulhadi (Chairman) - Waleed Mohammad Al-Jaafari (Board member) - Mohammed Saad Butti Al-Farraj (Board member) - Hamad Mohammad Al-Huthaili (Board member)	Providing information technology services and support, networking and data centers services to the Company	SR 32,561,011	All transactions were conducted on a commercial basis and without preferential benefits.
Meshraf General Contracting Company	An indirect interest with: - Waleed Mohammad Al-Jaafari (Board member) - Mohammed Saad Butti Al-Farraj (Board member)	Construction of pharmacy branches	SR 47,602,238	
966 Motors Establishment	A direct interest with: - Mohammed Saad Butti Al-Farraj (Board member)	Maintenance services provided to the Company	SR 5,376,787	
Zahwa Trading Services Company	An indirect interest with: - Mohammed Saad Butti Al-Farraj (Board member)	Supply contracts with the Company	SR 10,379,070	
		Rebates	SR 759,562	
		Logistics services provided by the Company	SR 731,134	
Kanaf Charitable Association	An indirect interest with: - Mohammed Saad Butti Al-Farraj (Board member)	Collecting donations from point of sales.	SR 34,968	
Mawarid Trading Limited	An indirect interest with: - Samir Mahmoud Abdulhadi (Chairman) - Hamad Mohammad Al-Huthaili (Board member)	Returns of goods by the Company	SR 173,662	
Classic Travel & Tours Agency	An indirect interest with: - Waleed Mohammad Al-Jaafari (Board member)	Reservations of travel tickets for the company's employees.	SR 26,170,864	
Wala Cooperative Insurance Company	An indirect interest with: - Waleed Mohammad Al-Jaafari (Board member)	Vehicle insurance, fire, marine insurance.	SR 7,676,136	
Eastern Province Cement Company	An indirect interest with: - Waleed Mohamed Al-Jaafari (Board member) - Mohammed Saad Butti Al-Farraj (Board member) - Ibrahim Salem Al-Ruwais (Board member)	Office rent for Company employees and utility expenses	SR 4,066,586	
National Parcel Stations Network Company	Indirect interest with: - Fahad Al-Farraj (Deputy CEO) - Mohammed Al Quwaizani (CEO of the subsidiary)	Leasing services provided by the Company Investment	SR 1,219,018	
		Investment	SR 10,000,000	
Modawa and Medical Care Company	An indirect interest with: - Mohammed Saad Butti Al-Farraj (Board member) - Fahad Al-Farraj (Deputy CEO)	Investment	SR 4,900,000	

- No transactions concluded between the company and related parties with any of the members of the Board of Directors or senior management of the Company, in addition to all the business and contracts to which the Company is a party or in which there was an interest for one of the members of the Board of directories and its senior management or for any person related to any of them , however, it indicated in the table above.

FINANCIAL STATEMENTS

4. FINANCIAL RESULTS FROM YEAR 2021 UP TO 2025

STATEMENT OF PROFIT OR LOSS

NUMBERS WITH THOUSANDS OF SAUDI RIYALS					
	2021	2022	2023	2024	2025
Revenue	5,034,382	5,372,243	5,741,364	6,454,354	6,736,196
Cost of Revenue	(3,139,978)	(3,352,644)	(3,634,745)	(4,157,865)	(4,363,082)
Gross Profit	1,894,404	2,019,598	2,106,619	2,296,489	2,373,115
Selling and Distribution	(1,508,451)	(1,514,415)	(1,518,809)	(1,656,570)	(1,770,636)
General and Administration	(118,060)	(131,450)	(130,618)	(140,095)	(138,995)
Other Income/ (Expense), Net	(2,526)	1,265	(12,698)	(1,276)	4,581
Operating Profit	265,367	374,998	444,493	498,548	468,066
Fair Value Gain (Loss) on Swap Derivatives	63,422	59,266	-	-	-
Finance Costs	(82,771)	(117,008)	(128,321)	(124,992)	(129,458)
Share of loss of equity-accounted investees	-	-	-	-	(3,853)
Write off - subsidiaries	-	-	-	-	(205)
Reversal / Impairment of trade receivables	-	615	-	-	(2,710)
Profit Before Zakat	246,018	317,870	316,172	373,557	331,840
Zakat	(6,873)	(12,421)	(13,180)	(22,148)	(10,085)
Profit for the Year	239,145	305,449	302,992	351,408	321,756

All amounts stated in the above tables are presented in Saudi Riyals (SAR) and all numbers are presented in thousands. Therefore, adding up the figures based on amounts presented in tables may not be exactly equivalent to the corresponding total figures as stated in the tables.

Number of Shares	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000
Earnings Per Share	2.81	3.59	3.56	4.13	3.79

The variation in share profitability on a yearly basis is associated with the number of shares at the end of each financial year

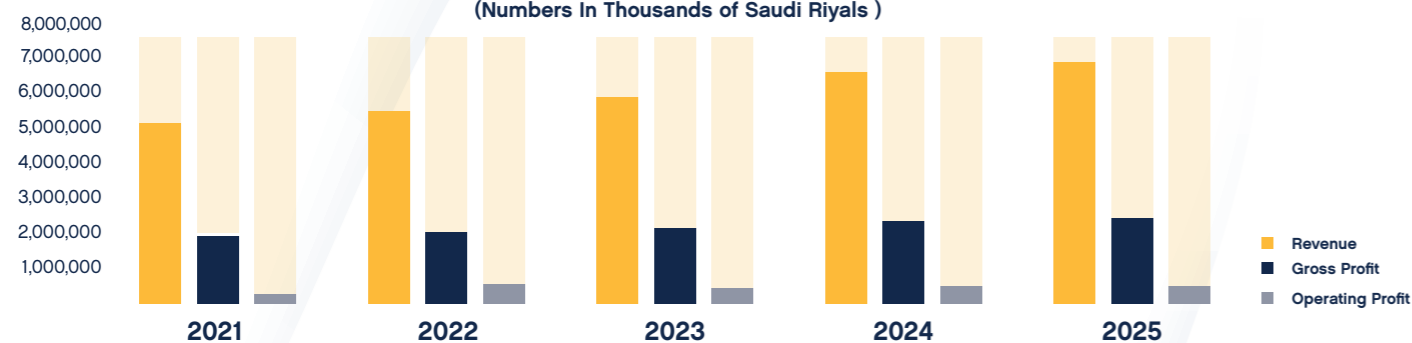
STATEMENT OF COMPREHENSIVE INCOME

NUMBERS WITH THOUSANDS OF SAUDI RIYALS					
	2021	2022	2023	2024	2025
Profit for the Year	239,145	305,449	302,992	351,408	321,756
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Remeasurement Gains on Employees' Defined Benefit Liabilities	292	9,616	(847)	5,727	25,111
Fair Value Loss on Equity Instruments Designated at FVOCI	(11,746)	(102,813)	99,171	(12,950)	(11,705)
Other Comprehensive Income for the Year	(11,455)	(93,197)	98,325	(18,676)	13,406
Total Comprehensive Income for the Year	227,690	212,252	401,316	332,732	335,162

All amounts stated in the above tables are presented in Saudi Riyals (SAR) and all numbers are presented in thousands. Therefore, adding up the figures based on amounts presented in tables may not be exactly equivalent to the corresponding total figures as stated in the tables.

FINANCIAL STATEMENTS

The Company's Financial Result for the Years From Year 2021 to 2025
(Numbers In Thousands of Saudi Riyals)



5. QUARTERLY FINANCIAL RESULTS FOR THE YEAR 2025

STATEMENT OF PROFIT OR LOSS

NUMBERS IN THOUSANDS OF SAUDI RIYALS					
	Q1-2025	Q2-2025	Q3-2025	Q4-2025	2025
Revenue	1,664,921	1,685,573	1,702,802	1,682,901	6,736,196
Cost of Revenue	(1,060,316)	(1,095,079)	(1,110,265)	(1,097,422)	(4,363,082)
Gross Profit	604,605	590,494	592,536	585,479	2,373,115
Selling and Distribution	(430,568)	(436,595)	(451,602)	(451,871)	(1,770,636)
General and Administration	(33,313)	(36,241)	(36,401)	(33,040)	(138,995)
Other Expense, Net	(1,118)	2,030	(1,473)	5,143	4,581
Operating Profit	139,605	119,688	103,061	105,711	468,066
Finance Costs	(29,585)	(30,405)	(31,972)	(37,495)	(129,458)
Share of loss of equity-accounted investees	-	-	(2,025)	(1,828)	(3,853)
Write-off of investment in unconsolidated subsidiaries	-	-	-	(205)	(205)
Impairment of trade receivables	-	-	-	(2,710)	(2,710)
Profit before Zakat	110,020	89,283	69,064	63,473	331,840
Zakat	(4,850)	(2,710)	-	(2,525)	(10,085)
Profit for the Period/Year	105,170	86,573	69,064	60,949	321,756

All amounts stated in the above tables are presented in Saudi Riyals (SAR) and all numbers are presented in thousands. Therefore, adding up the figures based on amounts presented in tables may not be exactly equivalent to the corresponding total figures as stated in the tables.

Number of Shares	85,000,000	85,000,000	85,000,000	85,000,000	85,000,000
Earnings Per Share	1.24	1.02	0.81	0.72	3.79

The variation in share profitability on a yearly basis is associated with the number of shares at the end of each financial year

STATEMENT OF COMPREHENSIVE INCOME

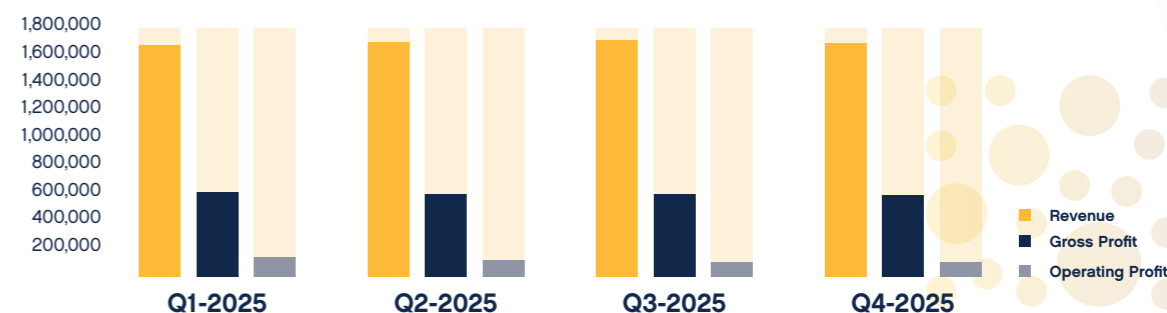
NUMBERS IN THOUSANDS OF SAUDI RIYALS					
	Q1-2025	Q2-2025	Q3-2025	Q4-2025	2025
Profit for the Year	105,170	86,573	69,064	60,949	321,756
OTHER COMPREHENSIVE INCOME Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:					
Remeasurement Gains On Employees' Defined Benefit Liabilities	-	-	-	25,111	25,111
Fair Value Loss On Equity Instruments Designated At FVOCI	(11,325)	780	5,320	(6,480)	(11,705)
Other Comprehensive Income for the Year	(11,325)	780	5,320	18,631	13,406
Total Comprehensive Income for the Year	93,845	87,353	74,384	79,580	335,162

All amounts stated in the above tables are presented in Saudi Riyals (SAR) and all numbers are presented in thousands. Therefore, adding up the figures based on amounts presented in tables may not be exactly equivalent to the corresponding total figures as stated in the tables.

During the year ended 31 December 2025, revenue was reduced by SR 44.3 million (2024: SR 8.9 million), with a corresponding reduction in cost of sales of SR 10.7 million (2024: SR 2.1 million), representing the Group's contribution to social responsibility under a voluntary agreement as part of its corporate social responsibility initiatives.

The Company's Quarterly Financial Results For The Year 2025

(Numbers In Thousands Of Saudi Riyals)



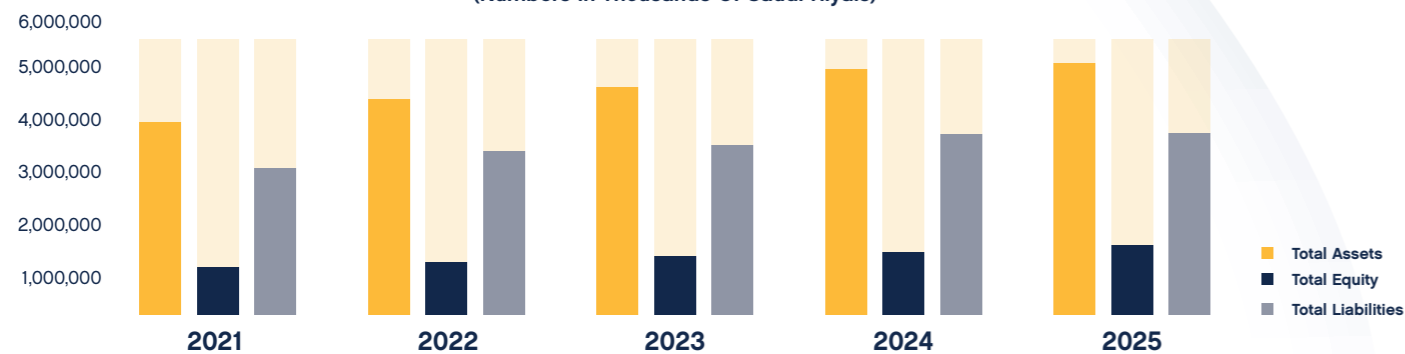
FINANCIAL STATEMENTS

6. STATEMENT OF FINANCIAL POSITION FROM YEAR 2021 UP TO 2025

NUMBERS WITH THOUSANDS OF SAUDI RIYALS					
	2021	2022	2023	2024	2025
ASSETS					
Total Non-Current Assets	2,155,690	2,710,284	2,703,585	2,594,209	2,772,475
Total Current Assets	1,875,369	1,786,489	2,029,085	2,496,335	2,461,146
Total Assets	4,031,060	4,496,773	4,732,670	5,090,544	5,233,621
EQUITY					
Share Capital	850,000	850,000	850,000	850,000	850,000
Statutory Reserve	28,914	59,459	59,459	-	-
Fair Value Reserve Of Equity Instruments Designated At FVOCI	39,114	(63,699)	24,857	(2,776)	(14,480)
Retained Earnings	71,158	249,428	275,717	482,616	615,282
Total Equity	989,186	1,095,188	1,210,033	1,329,840	1,450,802
LIABILITIES					
Total Non-Current Liabilities	937,655	1,783,306	1,666,098	1,528,619	1,754,142
Total Current Liabilities	2,104,219	1,618,279	1,856,539	2,232,085	2,028,677
Total Liabilities	3,041,874	3,401,586	3,522,637	3,760,704	3,782,819
Total Equity And Liabilities	4,031,060	4,496,773	4,732,670	5,090,544	5,233,621

All amounts stated in the above tables are presented in Saudi Riyals (SAR) and all numbers are presented in thousands. Therefore, adding up the figures based on amounts presented in tables may not be exactly equivalent to the corresponding total figures as stated in the tables.

The Financial Position For The Years From Year 2021 To 2025
(Numbers In Thousands Of Saudi Riyals)



7. STATEMENT OF FINANCIAL POSITION QUARTERLY FOR THE YEAR 2025

NUMBERS IN THOUSANDS OF SAUDI RIYALS				
	3/31/2025	6/30/2025	9/30/2025	12/31/2025
ASSETS				
Total Non-Current Assets	2,595,535	2,612,440	2,638,259	2,772,475
Total Current Assets	2,615,302	2,766,857	2,536,299	2,461,146
Total Assets	5,210,837	5,379,297	5,174,557	5,233,621
EQUITY				
Share Capital	850,000	850,000	850,000	850,000
Fair Value Reserve Of Equity Instruments Designated At FVOCI	(14,101)	(13,320)	(8,000)	(14,480)
Retained Earnings	660,847	693,869	709,383	615,282
Total Equity	1,496,746	1,530,549	1,551,383	1,450,802
LIABILITIES				
Total Non-Current Liabilities	1,480,721	1,513,989	1,545,649	1,754,142
Total Current Liabilities	2,233,370	2,334,759	2,077,525	2,028,677
Total Liabilities	3,714,091	3,848,748	3,623,175	3,782,819
Total Equity And Liabilities	5,210,837	5,379,297	5,174,557	5,233,621

All amounts stated in the above tables are presented in Saudi Riyals (SAR) and all numbers are presented in thousands. Therefore, adding up the figures based on amounts presented in tables may not be exactly equivalent to the corresponding total figures as stated in the tables.

FINANCIAL STATEMENTS

8. STATEMENT OF CHANGES IN EQUITY 2025

NUMBERS IN THOUSANDS OF SAUDI RIYALS					
	SHARE CAPITAL	STATUTORY RESERVE	RETAINED EARNINGS	FAIR VALUE RESERVE OF EQUITY INSTRUMENTS DESIGNATED AT FVOCI	TOTAL
Balance at 1 January 2025	850,000	-	482,616	(2,776)	1,329,840
Profit for the Year	-	-	321,756	-	321,756
Other Comprehensive Income	-	-	25,111	(11,705)	13,406
Total Comprehensive Income	-	-	346,867	(11,705)	335,162
Dividends	-	-	(214,200)	-	(214,200)
Transfer to Statutory Reserve	-	-	-	-	-
Transfer Of Fair Value Reserve Of Equity Instruments Designated At FVOCI To Retained Earnings	-	-	(0.485)	0.485	-
Balance at 31 December 2025	850,000	-	615,282	(14,480)	1,450,802

All amounts stated in the above tables are presented in Saudi Riyals (SAR) and all numbers are presented in thousands. Therefore, adding up the figures based on amounts presented in tables may not be exactly equivalent to the corresponding total figures as stated in the tables.

9. COMPANY ACTIVITIES

ACTIVITY	Revenue (Amount)	Revenue (Weight%)
Retail	6,262,055	93%
Wholesale	409,732	6%
Logistics services	64,409	1%
TOTAL	6,736,196	100%

DESCRIPTION OF THE MAIN ACTIVITIES OF THE GROUP

Sales (retail/wholesale sales)

Online wholesale of pharmaceutical products, pharmaceutical agents, wholesale of pharmaceutical goods, related pharmacy activities, pharmaceutical warehousing activities, retail of medical equipment and other equipment, online retailing and manufacturing of single-use medical products and disposables.

Logistic services

Providing logistics, storage, custom clearance and waste transportation services.

10. CHANGE IN FINANCIAL RESULTS COMPARED TO THE YEARS 2025 WITH 2024

NUMBERS IN THOUSANDS OF SAUDI RIYALS					
	2025	2024	CHANGE	%	CHANGES REASONS
Revenue	6,736,196	6,454,354	281,842	4.4%	Due to growth in the Pharmacies sector through retail sales, online sales and multi-channel sales.
Cost of Revenue	(4,363,082)	(4,157,865)	(205,217)	4.9%	Increase in cost of sales is inline with increase in sales.
Gross Profit	2,373,115	2,296,489	76,626	3.3%	Due to increase in sales.
Selling and Distribution	(1,770,636)	(1,656,570)	(114,066)	6.9%	Increase is due to expansion plan through new pharmacies openings during the year 2025.
General and Administration	(138,995)	(140,095)	1,100	-0.8%	The decrease is attributed to the control of expenses by the company's management.
Other Income / (Expense), Net	4,581	(1,276)	5,857	-458.9%	Due to gain on derecognition due to termination of leases incurred in 2025.
Operating Profit	468,066	498,548	(30,483)	-6.1%	Increase is due to expansion plan through new pharmacies openings during the year 2025.
Finance Costs	(129,458)	(124,992)	(4,466)	3.6%	Due to the increase in interest cost on lease and employees' defined benefit liabilities
Share of loss of equity-accounted investees	(3,853)	-	(3,853)	-100%	Due to the share of results in the new investments in associate made during 2025.
Write-off of investment in unconsolidated subsidiaries	(205)	-	(205)	-100%	Due to board of directors passed a resolution in the subsequent period to liquidate certain unconsolidated subsidiaries.
Impairment of trade receivables	(2,710)	-	(2,710)	-100%	
Profit Before Zakat	331,840	373,557	(41,716)	-11%	
Zakat	(10,085)	(22,148)	12,064	-54%	The increase in prior year is due to final assessments agreed up to the year 2023.
Profit For The Year	321,756	351,408	(29,653)	-8%	Increase is due to expansion plan through new pharmacies openings during the year 2025.

All amounts stated in the above tables are presented in Saudi Riyals (SAR) and all numbers are presented in thousands. Therefore, adding up the figures based on amounts presented in tables may not be exactly equivalent to the corresponding total figures as stated in the tables.

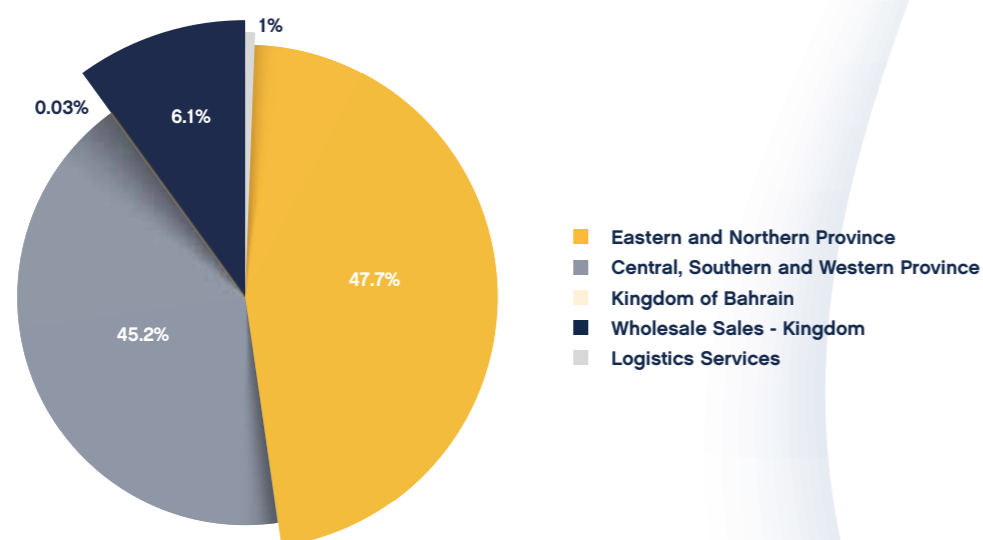
FINANCIAL STATEMENTS

11. GEOGRAPHICAL DISTRIBUTION OF THE COMPANY'S NET REVENUE DURING 2025

AREA	NET SALES	
	NUMBERS IN THOUSANDS OF SAUDI RIYALS	%
Eastern and Northern Province	3,212,116	47.7%
Central, Southern, and Western Province	3,047,984	45.2%
Kingdom of Bahrain	1,956	0.03%
Wholesale Sales - Kingdom	409,732	6.1%
Logistics Services	64,409	1.0%
Total	6,736,196	100%

All amounts stated in the above tables are presented in Saudi Riyals (SAR) and all numbers are presented in thousands.

GEOGRAPHICAL DISTRIBUTION OF THE COMPANY'S NET REVENUE DURING 2025



12. EQUITY INSTRUMENTS DESIGNATED AT FVOCI

Equity instruments designated at fair value through other comprehensive income include equity shares of listed companies in the financial market. These investments are finally designated at fair value through other comprehensive income as the Company considers these investments to be strategic in nature. The fair value is calculated on the basis of the prices listed on an official listing market in the Saudi Stock Exchange ("Tadawul") on the date of the financial statements. Equity instruments designated at fair value through other comprehensive income represent investment in the following companies:

MOVEMENT DURING THE YEAR 2025	SPIMACO	
	NO. OF SHARES	VALUE OF SHARES (THOUSANDS OF SAUDI RIYALS)
Balance at 1 January 2025	2,056	65,690
Sold During The Year	(56)	(1,865)
Fair value loss on equity instruments Designated At FVOCI	-	(11,705)
Balance at 31 December 2025	2,000	52,120

13. SHORT-TERM LOANS GRANTED TO THE COMPANY DURING THE YEAR 2025

DESCRIPTION	NUMBERS IN THOUSANDS OF SAUDI RIYALS									
	ABC	SNB	AL RAJHI	SAB	GIB	ALINMA	EMIRATES NBD	ANB	BSF	TOTAL
Limit of short-term Loans	187,500	335,238	395,000	207,500	210,000	450,000	150,000	190,000	559,000	2,684,238
Period of short-term Loans / days	Up to 90 day	Up to 90 day	Up to 90 day	Up to 90 day	Up to 90 day	Up to 90 day	Up to 90 day	Up to 90 day	Up to 90 day	-
Outstanding loan agreement expire date	21/01/2026	07/02/2026	23/02/2026	27/01/2026	25/03/2026	11/02/2026	24/03/2026	10/03/2026	09/03/2026	-
Guarantees	Promissory note	Promissory note	Promissory note	Promissory note	Promissory note	Promissory note	Promissory note	Promissory note	Promissory note	-
Balance at 1 January 2025	35,000	60,000	50,000	50,000	45,000	75,000	40,000	65,000	60,000	480,000
PROCEEDs from short-term loans	133,738	435,000	297,000	192,000	215,000	358,000	167,000	325,300	445,000	2,568,038
Repayment of short-term loans	75,000	435,000	295,000	167,000	216,000	368,000	162,000	320,000	430,000	2,468,000
Balance at 31 December 2025	93,738	60,000	52,000	75,000	44,000	65,000	45,000	70,300	75,000	580,037

14. TERM LOANS GRANTED TO THE COMPANY DURING THE YEAR 2025

Description	Numbers in thousands of Saudi riyals					
	SNB	SAB	GIB	Emirates NBD	BSF	Total
Limit of Term Loans	150,000	150,000	150,000	50,000	300,000	800,000
Period of Term Loans	Up to 3 years	Up to 3 years	Up to 3 years	Up to 3 years	Up to 3 years	-
Grace Period	6 months	6 months	12 months	6 months	6 months	-
Outstanding Loan Agreement Expiry Date	26/11/2025	21/12/2025	30/9/2025	10/11/2025	30/12/2025	-
Guarantees	Promissory Note	Promissory Note	Promissory Note	Promissory Note	Promissory Note	-
Balance at 1 January 2025	20,000	25,000	18,750	10,000	66,667	140,417
PROCEEDs From Term Loans	-	-	-	-	-	-
Repayment Of Term Loans	20,000	25,000	18,750	10,000	66,667	140,417
Balance at 31 December 2025	-	-	-	-	-	-

FINANCIAL STATEMENTS

15. GOVERNMENT PAYMENTS MADE AND DUE TO PAY AT THE END OF YEAR 2025

Description	Numbers in thousands of Saudi riyals		Description
	Paid during the year	Accrued at year end	
Zakat	9,759	16,655	Zakat Income
Value Added Tax	59,158	12,752	VAT
General Organization for Social Insurance	38,516	5,434	Employee's Subscriptions
Governmental fees	56,946	-	Subscriptions, Licenses, Renewals, Visa Fees, and Endorsements

16. THE RISKS FACED BY THE COMPANY AND ITS MANAGEMENT POLICY

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 Board of Directors regularly 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 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 risk comprises three types of risk: interest rate risk and currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include term loans, short-term loans, trade payables and equity investments.

Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates. The Group manages its exposure to this risk by continuously monitoring movements in interest rates.

Foreign Currency Risk:

Foreign currency risk 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 exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group did not undertake significant transactions in currencies other than Saudi Riyals (SR), US Dollars (US \$), UAE Dirhams ("AED"), British Pounds ("GBP"), Euro ("EUR") and Bahraini Dinar ("BHD") during the year. As SR is pegged to US \$, AED and BHD, the management of the Group believes that the currency risk for financial instruments denominated in US \$, AED and BHD is not significant. The Group is exposed to currency risk on transactions and balances in EUR and GBP. As at 31 December 2025, there is EUR1.95 million and GBP 0.1 million (2024: EUR 1.20 million and GBP 1.27 million) outstanding balance payable. The Group manages currency risk exposure to the above currencies by continuously monitoring the currency fluctuations.

Equity Price Risk:

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to equity investments at fair value listed on the Saudi Exchange market (Tadawul) was SR 52.1 million (2024: SR 65.7 million). Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the market index, the Group has determined that an increase/(decrease) of 10% on the market index could have an impact of approximately SR 5.2 million (2024: SR 6.6 million) increase/(decrease) on the other comprehensive income in consolidated statement of comprehensive income and equity attributable to the Group.

Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and obtaining bank guarantees from certain customers. Funds are placed in banks with sound credit ratings. Financial position of related parties is stable.

TRADE RECEIVABLES

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. Sales to retail customers are required to be settled in cash or using credit cards, mitigating credit risk.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for grouping of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

BANK BALANCES

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposure. The Group considers that its cash and cash equivalents have low credit risk as wherever required the Group secure support from its partners to satisfy short term funding requirements. Funds are placed with banks having good credit ratings and therefore are not subject to significant credit risk.

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 sell a financial asset quickly at an amount close to its fair value. The Group manages its liquidity risk by ensuring bank facilities are available when required. The Group's terms of contracts require amounts to be paid within 30 to 90 days of the date of billing. Trade payables are normally settled within 30 to 60 days of the date of purchase.

EXCESSIVE RISK CONCENTRATION

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Capital management:

For purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business objectives and maximize shareholders' value.

The Group's policy is to maintain a strong capital base so as to maintain creditor and to sustain future development of the business. The Group manages its capital structure and makes adjustments in light of changes in economic conditions, business conditions and the requirements of the financial covenants. Management monitors the return on capital, which the Group defines as net debt divided by total equity; net debt is total liabilities less bank balances and cash. Management also monitors the level of dividends to shareholders.



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