SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND
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FOR THE YEAR ENDED DECEMBER 31, 2024

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Deloitte and Touche & Co.
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INDEPENDENT AUDITOR’S REPORT

To the shareholders
Specialized Medical Company
Riyadh, Kingdom of Saudi Arabia

Opinion

We have audited the consolidated financial statements of **Specialized Medical Company** (the "Company") **and its subsidiary** (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

Basis for Opinion

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SPECIALIZED MEDICAL COMPANY (CONTINUED)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and applicable requirements of the Regulations for Companies and the Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT TO THE MANAGEMENT OF SPECIALIZED MEDICAL COMPANY (CONTINUED)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Deloitte and Touche & Co.
Chartered Accountants

Mazen A. Al Omari
License No. 480
Shawwal 30, 1446 H
April 28, 2025

SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	Notes	December 31, 2024 SR	December 31, 2023 SR
Assets			
Current assets			
Cash and cash equivalents	5	**92,487,981**	47,822,985
Trade and other receivables	6	**406,603,950**	508,445,998
Due from related parties	24	**6,545,669**	1,014,532
Inventories	7	**22,762,339**	25,948,321
Prepayments and other assets	8	**54,460,047**	35,173,826
Total current assets		**582,859,986**	618,405,662
Non-current assets			
Property and equipment	9	**1,259,153,397**	1,226,577,673
Right-of-use assets	12	**201,878,285**	229,246,911
Total non-current assets		**1,461,031,682**	1,455,824,584
Total assets		**2,043,891,668**	2,074,230,246
Liabilities and equity			
Current liabilities			
Trade payables		**104,158,709**	114,708,998
Due to related parties	24	**384,626**	895,524
Short-term loans	10	**490,537,492**	415,000,000
Long-term loans - current portion	11	**57,551,020**	57,551,020
Lease liabilities	12	**23,536,645**	25,086,962
Government loan	13	**2,747,992**	2,565,278
Deferred government grant	13	**96,177**	189,107
Accrued expenses and other liabilities	14	**81,231,888**	89,203,759
Zakat Payable	15	**8,351,552**	5,714,642
Total current liabilities		**768,596,101**	710,915,290
Non-current liabilities			
Long-term loans – non-current portion	11	**86,326,531**	143,877,551
Government loan	13	**-**	2,837,777
Lease liabilities	12	**201,991,562**	214,746,259
Deferred government grant	13	**-**	96,180
Trade payables		**329,686**	769,267
Employees defined benefits liabilities	16	**159,552,201**	155,938,697
Total non-current liabilities		**448,199,980**	518,265,731
Total liabilities		**1,216,796,081**	1,229,181,021
Equity			
Share capital	17	**250,000,000**	85,000,000
Statutory reserve	18	**49,653,238**	49,653,238
Retained earnings		**527,442,349**	710,395,987
Total equity		**827,095,587**	845,049,225
Total Liabilities and equity		**2,043,891,668**	2,074,230,246

28.4.25

APPROVED BY :	APPROVED BY :	APPROVED BY :
HANI CHARANI	BASSAM CHAHINE	SULAIMAN AL-RASHID
CFO	CEO	CHAIRMAN

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

SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 SR	2023 SR
Revenue	19	**1,439,585,531**	1,367,929,567
Cost of revenue	20	**(1,047,424,902)**	(1,011,480,327)
Gross profit		**392,160,629**	356,449,240
General and administrative expenses	21	**(143,599,592)**	(132,651,345)
Selling and marketing expenses		**(11,455,956)**	(9,215,406)
Operating profit		**237,105,081**	214,582,489
Finance costs	22	**(51,967,712)**	(48,458,796)
Other income		**8,517,698**	8,575,895
Profit before zakat		**193,655,067**	174,699,588
Zakat	15	**(8,435,573)**	(6,003,547)
Profit for the year		**185,219,494**	168,696,041
Other comprehensive income:			
Items which will not be reclassified subsequently to profit or loss:			
Re-measurement of employees defined benefits liabilities	16	**(3,173,132)**	4,518,662
Total other comprehensive (loss) / income for the year		**(3,173,132)**	4,518,662
Total comprehensive income for the year		**182,046,362**	173,214,703
Earnings per share (EPS)			
Basic and diluted EPS	26	**0.74**	0.68

APPROVED BY :
HANI CHARANI
CFO

APPROVED BY :
BASSAM CHAHINE
CEO

APPROVED BY :
SULAIMAN AL-RASHID
CHAIRMAN

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SPECIALIZED MEDICAL COMPANY
(A Saudi Closed Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	Share capital SR	Statutory reserves SR	Retained earnings SR	Total SR
Balance as of January 1, 2023		85,000,000	49,653,238	597,181,284	731,834,522
Profit for the year		-	-	168,696,041	168,696,041
Total other comprehensive income		-	-	4,518,662	4,518,662
Total comprehensive income for the year		-	-	173,214,703	173,214,703
Dividends	23	-	-	(60,000,000)	(60,000,000)
Balance as of December 31, 2023		85,000,000	49,653,238	710,395,987	845,049,225
Profit for the year		-	-	**185,219,494**	**185,219,494**
Total other comprehensive loss		-	-	**(3,173,132)**	**(3,173,132)**
Total comprehensive income for the year		-	-	**182,046,362**	**182,046,362**
Transfer during the year	17	**165,000,000**	-	**(165,000,000)**	-
Dividends	23	-	-	**(200,000,000)**	**(200,000,000)**
Balance as of December 31, 2024		**250,000,000**	**49,653,238**	**527,442,349**	**827,095,587**

APPROVED BY :
HANI CHARANI
CFO

APPROVED BY :
BASSAM CHAHINE
CEO

APPROVED BY :
SULAIMAN AL-RASHID
CHAIRMAN

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SPECIALIZED MEDICAL COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

		2024	2023
Cash flows from operating activities	**Notes**	**SR**	SR
Profit before zakat		**193,655,067**	174,699,588
Adjustments for:			
Depreciation of property and equipment	9	**58,466,711**	58,492,649
Depreciation of right-of-use assets	12	**29,012,344**	29,270,009
Expected credit loss charged for the year	6	**9,678,156**	6,214,023
Amortization of government grant	13	**(189,110)**	(278,889)
Employees defined benefits liabilities charged for the year	16	**19,112,901**	17,895,328
Finance costs		**51,967,712**	48,458,796
Loss from disposal property and equipment		**2,293,977**	19,025
		363,997,758	334,770,529
Working capital changes:			
Trade and other receivables		**92,163,892**	(89,048,382)
Due from related parties		**(5,531,137)**	425,957
Inventories		**3,185,982**	(5,892,749)
Prepayments and other assets		**(19,286,221)**	(8,734,456)
Trade payables		**(10,989,870)**	4,675,892
Due to related parties		**(510,898)**	(29,750)
Accrued expenses and other liabilities		**(7,971,871)**	12,635,734
Cash generated from operating activities		**415,057,635**	248,802,775
Zakat paid	15	**(5,798,663)**	(4,246,135)
Employees defined benefits liabilities paid	16	**(25,474,596)**	(11,185,194)
Net cash generated from operating activities		**383,784,376**	233,371,446
Cash flows from investing activities			
Purchase of property and equipment	9	**(67,471,090)**	(45,296,950)
Proceeds from disposal of property and equipment		**930,513**	837,936
Additions on projects under progress	9	**(26,795,835)**	(27,544,207)
Net cash used in investing activities		**(93,336,412)**	(72,003,221)
Cash flows from financing activities			
Dividends paid	23	**(200,000,000)**	(60,000,000)
Proceeds from short term loans - net	10	**75,537,492**	20,000,000
Repayment of long term loans – net	11	**(57,551,020)**	(33,571,429)
Repayment of government loan	13	**(2,655,063)**	(2,565,280)
Payment of lease liabilities	12	**(25,307,878)**	(25,981,515)
Finance cost paid		**(35,806,499)**	(33,210,103)
Net cash used in financing activities		**(245,782,968)**	(135,328,327)
Net increase in cash and cash equivalents during the year		**44,664,996**	26,039,898
Cash and cash equivalents as of January 1		**47,822,985**	21,783,087
Cash and cash equivalents as of December 31	5	**92,487,981**	47,822,985

APPROVED BY :
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CFO

APPROVED BY :
BASSAM CHAHINE
CEO

APPROVED BY :
SULAIMAN AL-RASHID
CHAIRMAN

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

Non-cash transactions	Notes	**2024** **SR**	2023 SR
Increase share capital through retained earnings	17	**165,000,000**	-
Transfer of projects under progress to property and equipment	9	**29,234,646**	47,191,437
Re-measurement of employees defined benefits liabilities	16	**(3,173,132)**	4,518,662
Additions of right of use assets and lease liabilities	12	**1,643,718**	2,085,240
Modification of right of use assets and lease liabilities	12	**-**	78,005,617

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CFO

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CEO

APPROVED BY :
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CHAIRMAN

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1. CORPORATE INFORMATION AND ACTIVITIES

Specialized Medical Company is a Saudi Closed Joint Stock Company operating in the Kingdom of Saudi Arabia under Commercial Registration number. 1010123832 dated 13/11/1414H (corresponding to April 24, 1994).

This is pursuant to following Ministry of Health Licenses No.

Branch name	License number	License date
Specialized Medical Center – SMC – King Fahad Road	014-101-010-012-00015	May 12, 1999
Specialized Medical Center – SMC – King Abdullah Road	014-101-010-097-00085	March 8, 2020

The principal activities of the Company are the management and operation of hospitals, clinics, medical centers and healthy food services, as well as hospital and medical facilities maintenance and non-medical operations. Additional activities include the production of cooked and non-cooked food and the management and operations of restaurants and food related services.

The address of the Company's registered office is as follows:
Building 6678 King Fahad Road, Alulaya district, unit No. 1, Riyadh 12311 -4405.

The company has the following wholly owned subsidiary (2023: 100%);

Name	Country of Incorporation	Activities
International Specialized Food Company	Saudi Arabia	Food and catering services

These consolidated financial statements include the financial information of the Company, its subsidiary and the following branches, which operate under separate commercial registrations:

Branch Name	Commercial Registration No.	Branch Activities	Addresses	Commercial Registration Date
Specialized Medical Center – SMC 1 – King Fahad Road	1010150227	Hospitals	Riyadh	23/06/1998
Diet World – SMC	1010156585	Nutrition Centers	Riyadh	12/03/1999
Specialized Medical Center – SMC 2 – King Abdullah Road	1010413585	Hospitals	Riyadh	05/07/2014
Specialized Medical Company – SMC	1010431691	Management and maintenance of hospitals, dispensaries, health facilities and non-medical operations	Riyadh	22/03/2015
Specialized Medical Company – SMC 3 – Northern Ring Road	1010851377	Public hospitals	Riyadh	22/12/2022

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Accounting standards effective during the year

The International Accounting Standard Board (IASB) has issued following accounting standards, amendments which were effective from January 1, 2024 but does not have significant impact on the consolidated financial statements of the Group.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendment to IFRS 16 – Leases on sale and leaseback	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	1 January 2024
Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	1 January 2024
Amendment to IAS 1 – Non-current liabilities with covenants and Classification of liabilities as current or non-current	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	1 January 2024
IFRS S1, 'General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.	1 January 2024 subject to endorsement from SOCPA
IFRS S2, 'Climate-related disclosures'	This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.	1 January 2024 subject to endorsement from SOCPA

2.2 Accounting standards issued but not yet effective

The International Accounting Standard Board (IASB) has issued the following accounting standards, amendments which are effective from period on or after January 1, 2025. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the consolidated financial statements of the Group.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendment to IAS 21 – Lack of exchangeability	IASB amended IAS 21 to add requirements to help in determining whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not exchangeable. Amendment set out a framework under which the spot exchange rate at the measurement date could be determined using an observable exchange rate without adjustment or another estimation technique.	1 January 2025

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (continued)

2.2 Accounting standards issued but not yet effective (continued)

The International Accounting Standard Board (IASB) has issued the following accounting standards, amendments which are effective from period on or after January 1, 2025. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the consolidated financial statements of the Group.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognized in full.	Effective date deferred indefinitely
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026.
IFRS 18, Presentation and Disclosure in Financial Statements	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS19,Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

3. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as endorsed in Saudi Arabia and other relevant pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis of Consolidation

The consolidated financial statements have been prepared on the historical cost basis except for employees' defined benefit liabilities which are recognised at the present value of future liabilities using the projected unit credit method.

These consolidated financial statements include the assets, liabilities and results of operations of the Company and its subsidiary (the "Group") listed in note (1) above. The Company and its subsidiary are collectively referred to as the "Group". Subsidiary is the entity controlled by the Company.

The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is consolidated from the date on which control commences until the date on which control ceases.

The Company accounts for the business combinations using the acquisition method when control is transferred to the Company. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill in consolidated statement of financial position. Intra-company balances and transactions, and any unrealized income and expenses arising from intra-company transactions, are eliminated. Accounting policies of subsidiary is aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiary have the same reporting periods.

Functional and presentation currency

The consolidated financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the Group.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks, and cash on hand.

Inventories

Inventories are stated at lower of cost or estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less any cost to complete the selling process. Cost is determined using weighted average method. Appropriate provision is made for slow moving inventories, if any.

Cost includes the expenditure incurred in acquiring the inventories and costs incurred in bringing the inventories to their existing location and conditions.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment

Property and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, (if any) except for assets under construction and lands which are stated at cost and are not depreciated. Assets under construction represent all costs relating directly to the projects in progress and are capitalized as property and equipment when the project is completed.

Costs includes all expenditures directly attributable to the construction or purchase of the item of property and equipment. Such costs include the cost of replacing parts of the property and equipment and borrowing costs for' long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful life and depreciates them accordingly. All repair' and maintenance costs are recognised in the consolidated statement of profit or loss and Comprehensive Income as incurred. Improvements that increase the value or materially extend the life of the related assets are capitalized.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, lease hold improvements are depreciated at the lower of its useful life or' lease term. The annual depreciation rates used are as follows:

Description	**Depreciation Percentage**
Building and renovation	1.75% - 6.67%
Medical equipment	10%
Furniture and fixtures	10% - 20%
Computer and Software	10% - 25%
General equipment	6.67% - 10%
Motor vehicles	25%

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of Comprehensive Income when the asset is derecognised.

The residual values, useful life and methods of depreciation of property and equipment are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

Right-of-use Assets and Lease Liabilities

The group has recognised assets and liabilities for its finance leases of various types of contracts including buildings, lands, warehouse and depot facilities, accommodation/office rental premises, medical equipment's etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated Statement of Profit or Loss and other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and - restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Right-of-use Assets and Lease Liabilities *(continued)*

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss, short-term leases are leases with a lease term of 12 months or less. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, the management generally considers certain factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Financial instruments
Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Group requires all financial assets to be classified and subsequently' measured at either amortised cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to Comprehensive Income on derecognition:
- Equity instruments at FVOCI, with no recycling of gains or losses to Comprehensive Income on derecognition; and financial assets at fair value through profit and loss (FVPL).

Financial assets classified as amortised cost
Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through Comprehensive Income on initial recognition):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If a financial asset does not meet both of these conditions, it is measured at fair value.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments *(continued)*

Financial assets designated as FVOCI

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount Outstanding.

Investment in equity instruments designated as FVOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

As of reporting date, the Group do not possess any equity instruments designated as at FVOCI.

Financial assets classified as FVPL

Investments in equity instruments are classified as at FVPL, unless the Group designates an investment that is not held for trading as at FVOCI on initial recognition.

As of reporting date, the Group does not possess any financial assets classified as at FVPL

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortised cost such as trade receivables and other financial assets.

No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Group applies the simplified approach to calculate impairment on trade receivables and this always recognises lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group applies the general approach to calculate impairment. Lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognised the credit risk on the financial instrument which has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments *(continued)*

Impairment of financial assets (continued)
Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are companied on the following basis:

Measurement and recognition of expected credit losses

- Nature of financial instruments (i.e., the Group's trade and other receivables, and amounts due from customers are each assessed as a separate group. Amounts due from related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Group recognises an impairment gain or loss in the consolidated Statement of Comprehensive Income for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCl, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the Financial asset in the Consolidated statement of financial position.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Group neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and associated liability for' amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

Financial liabilities
Financial liabilities carried at amortised cost have been classified and measured at amortised cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other- comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other- comprehensive income would create or enlarge an accounting mismatch in consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to consolidated statement of comprehensive income. The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through Comprehensive Income that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in consolidated statement of profit or loss. Amount presented in liability credit reserve are not subsequently transferred to consolidated statement of profit or' loss. When such investments are derecognised, the related cumulative amount in the liability credit reserve is transferred to retained earnings.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Zakat and Taxation

The Company and its subsidiary are subject to zakat according to the regulations of the the Zakat, Tax and Customs Authority (ZATCA). Zakat is calculated according to the Zakat rule on the basis of the consolidated financial statements of the Company and its subsidiary. The calculated Zakat provision is distributed between the Company and its subsidiary. Any difference between the provisions and the final assessment is recorded in the year in which the final assessment occurs.

Value Added Tax
Expenses, and assets are recognized net of the amount of VAT, except:
• When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or

• When receivables and payables are stated with the amount of VAT included.

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

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

Employees benefits

Short term obligations
Liabilities for wages and salaries and any other short term benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees, under the related service are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Post-employment liabilities

Defined contribution plans
Retirement benefit in the Form of General Organization of Social Insurance (GOSl) is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the GOSl. The Group recognises contribution payable to the GOSl as an expense, when an employee renders the related service.

Defined benefits plans
The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the consolidated statement of financial position included the retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to consolidated statement of comprehensive income in subsequent periods.

The discount rate for discounting the estimated future cash outflows is required to be based on the yield on corporate bonds of duration and currency consistent with the liabilities. Where there is no deep market in corporate bonds in the currency under consideration, the yields on government bonds are used. In the absence of deep bond market in KSA, the discount rate used is based on US Corporate Bond Rates.

Past service costs are recognised in the consolidated statement of profit or loss and other Comprehensive Income on the earlier of the date of the plan amendment or curtailment and the date on which the Group recognises related restructuring costs. Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the changes in the net defined benefit obligation under 'cost of revenue, and 'general and administrative expenses' in the consolidated statement of profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Government grants

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

The Group has received interest free loans from Ministry of finance with a condition to use the proceeds only for the purpose of the purchase of medical equipment and furniture. The difference between the initial carrying value of the loan (its fair value) and the proceeds received is treated as a Government grant. The grant income is deferred and subsequently released in the consolidated statement of comprehensive income for the same period as the depreciation of the relevant asset.

Impairment of non-financial assets

For all tangible and intangible assets, the Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating unit's ("CGU") fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate' that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit or loss.

Revenue

The Group recognises revenue from customers based on following five steps:

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue *(continued)*

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

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

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

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

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

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

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

Sale of goods
The sales from medicine, cosmetics, food, catering, medical supplies and medical equipment are recognized when goods are delivered to patients and all the control have been transferred to them. The sales are recorded net off any discount or rebates expected at the time of delivery of goods to the patients.

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

Cost of revenue

Cost of revenue represents expenses directly related to the generation of revenue, including but not limited to salaries and benefits, materials and supplies, depreciation and other direct costs.

General and administrative expenses

General and administrative expenses include direct and indirect costs that do not specifically form part of the medical cost. Allocations between general, administrative, and medical cost, when required, are made on a consistent basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies

Transactions in foreign currencies are initially recorded by the Group at functional currency spot rate at the date the transaction qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the financial statements date. All differences are recognised in the consolidated statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Borrowing costs

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other Comprehensive Income net of any reimbursement.

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

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

4. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are behaved to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below:

Judgments
In the process of applying the Group’s accounting policies, management has made judgements, which have the effect on the amounts recognised in the consolidated financial statements.

4. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES (continued)

Assumptions and estimates
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revenue recognition

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

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

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

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

Medical claims objections
The objections of medical claims are estimated from customers based on the Group's past experience and are recognised against revenue earned during the year. These estimates are subsequently adjusted to the actual settlement with the customers.

Allowance for expected credit losses
When measuring expected credit losses, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

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

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

4. SIGNIFICANT JUDGEMENTS ASSUMPTION AND ESTIMATES (continued)

Measurement of employees' defined benefits liabilities

The Group net obligation in respect of defined benefit schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods: that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted.

The present value of the obligation is determined based on actuarial valuation at the statement of financial position date by an independent actuary using the Projected Unit Credit Method, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are determined by reference to US bond yields, (as the Saudi Riyal is pegged to the US dollar), adjusted for an additional risk premium reflecting the possibility of the linkage being broken.

5. CASH AND CASH EQUIVALENTS

	December 31, 2024 SR	December 31, 2023 SR
Cash at banks	**92,001,325**	47,295,219
Cash in hand	**486,656**	527,766
	92,487,981	47,822,985

Cash and cash equivalents are subject to the impairment requirements of IFRS 9 and the identified impairment loss was immaterial.

6. TRADE AND OTHER RECEIVABLES

	December 31, 2024 SR	December 31, 2023 SR
Trade and other receivables	**424,869,155**	595,099,687
Less: Provision of expected credit losses	**(18,265,205)**	(86,653,689)
	406,603,950	508,445,998

Movement in the provision of expected credit losses is as follows:	**December 31, 2024 SR**	December 31, 2023 SR
Balance as of January 01	**86,653,689**	84,890,629
Charged during the year	**9,678,156**	6,214,023
Written-off during the year *	**(78,066,640)**	(4,450,963)
Balance as of December 31	**18,265,205**	86,653,689

* The Board of Directors in their meeting held on November 5, 2024 approved to write-off the above trade receivable balances of 78 million.

6. TRADE AND OTHER RECEIVABLES (continued)

As of December 31, the aging analysis of unimpaired trade and other receivables is as follows:

	Less than one year SR	**More than one year SR**	**Total SR**
December 31, 2024	**395,717,833**	**10,886,117**	**406,603,950**
December 31, 2023	428,364,241	80,081,757	508,445,998

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. As at 31 December 2024 the allowance for expected credit losses reached SR 18,265,205 (as at 31 December 2023: SR 86,653,689).

As of 31 December 2024, approximately 94% of the Group's accounts receivable balance was due from various governmental and insurance entities (31 December 2023: 96%).

The Group's credit terms require receivables to be repaid within 30-90 days' period of the claim date depending on the type of customer, which is in line with healthcare industry. Due to short credit period offered to customers, a significant amount of accounts receivable is neither past due nor impaired.

7. INVENTORIES

	December 31, 2024 SR	December 31, 2023 SR
Medical and operating room supplies*	**18,884,830**	22,010,083
Other	**3,877,509**	3,938,238
	22,762,339	25,948,321

* In accordance with the terms of the suppliers' agreements, the Group is entitled to return the nearing expire products to the supplier.

8. PREPAYMENTS AND OTHER ASSETS

	December 31, 2024 SR	December 31, 2023 SR
Advance payments to suppliers	**22,185,144**	13,083,510
Prepaid expenses	**20,948,681**	17,147,755
Contract assets	**7,477,455**	-
Employee receivables	**2,882,517**	3,449,561
Others	**966,250**	1,493,000
	54,460,047	35,173,826

9. PROPERTY AND EQUIPMENT

	Land* SR	Building and renovation* SR	Medical equipment SR	Furniture and fixtures SR	Computers and software SR	General equipment SR	Motor vehicles SR	Capital work in progress** SR	Total SR
Cost									
As of January 1, 2023	326,550,389	770,332,395	402,846,404	28,883,136	84,023,586	42,836,466	6,295,176	71,836,198	1,733,603,750
Additions	11,032,500	12,100,498	15,451,943	2,329,563	2,420,140	1,962,306	-	27,544,207	72,841,157
Transfers	-	40,910,360	-	415,273	91,184	5,774,620	-	(47,191,437)	-
Disposals	-	(899,456)	(2,984,594)	(34,648)	(36,497)	(633,482)	-	-	(4,588,677)
As of December 31, 2023	337,582,889	822,443,797	415,313,753	31,593,324	86,498,413	49,939,910	6,295,176	52,188,968	1,801,856,230
Additions	**-**	**19,494,972**	**35,000,155**	**708,531**	**5,717,281**	**5,964,351**	**585,800**	**26,795,835**	**94,266,925**
Transfers	**-**	**29,234,646**	**-**	**-**	**-**	**-**	**-**	**(29,234,646)**	**-**
Disposals	**-**	**(3,711,194)**	**(5,941,277)**	**(22,921)**	**(254,719)**	**(1,779,012)**	**(871,450)**	**-**	**(12,580,573)**
As of December 31, 2024	**337,582,889**	**867,462,221**	**444,372,631**	**32,278,934**	**91,960,975**	**54,125,249**	**6,009,526**	**49,750,157**	**1,883,542,582**
Accumulated depreciation									
As of January 1, 2023	-	151,686,188	251,223,729	17,523,957	70,662,245	23,852,895	5,568,610	-	520,517,624
Charge for the year	-	23,446,088	25,601,176	2,737,417	3,991,230	2,303,131	413,607	-	58,492,649
Disposals	-	(402,393)	(2,881,461)	(17,387)	(13,477)	(416,998)	-	-	(3,731,716)
As of December 31, 2023	-	174,729,883	273,943,444	20,243,987	74,639,998	25,739,028	5,982,217	-	575,278,557
Charge for the year	**-**	**24,576,773**	**24,410,883**	**977,077**	**3,683,808**	**4,579,024**	**239,146**	**-**	**58,466,711**
Disposals	**-**	**(1,588,495)**	**(5,931,388)**	**(19,998)**	**(246,087)**	**(698,665)**	**(871,450)**	**-**	**(9,356,083)**
As of December 31, 2024	**-**	**197,718,161**	**292,422,939**	**21,201,066**	**78,077,719**	**29,619,387**	**5,349,913**	**-**	**624,389,185**
Net book value:									
As of December 31, 2024	**337,582,889**	**669,744,060**	**151,949,692**	**11,077,868**	**13,883,256**	**24,505,862**	**659,613**	**49,750,157**	**1,259,153,397**
As of December 31, 2023	337,582,889	647,713,914	141,370,309	11,349,337	11,858,415	24,200,882	312,959	52,188,968	1,226,577,673

*Land, building and renovation includes an amount of SR 60,983,414 land and building mortgaged against the loan from ministry of finance (note 13) the Group paid last instalment for loan in February 27,2025 and started the procedures to release this mortgage.

** During the year ended 31 December 2024, an amount of SR 12,302,261 (2023: SR 12,405,874) was capitalized as borrowing cost in capital work in progress.

9. PROPERTY AND EQUIPMENT (continued)

The depreciation expense for the year has been allocated in the statement of profit or loss and other comprehensive income as follows:

	2024	2023
	SR	SR
Cost of revenue	**51,660,082**	51,373,805
General and administrative expenses	**6,806,629**	7,118,844
	58,466,711	58,492,649

Movement of capital work progress is summarized as following:

	2024	2023
	SR	SR
Balance as of January 01	**52,188,968**	71,836,198
Additions during the year	**26,795,835**	27,544,207
Transfers during the year	**(29,234,646)**	(47,191,437)
Balance as of December 31*	**49,750,157**	52,188,968

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

10. SHORT-TERM LOANS

The Group obtained bank facilities from local commercial banks with a rate of one month SIBOR + agreed rates to finance working capital, the value of the withdrawal until December 31, 2024: 490,537,492 SR (December 31, 2023: SR 415,000,000).

11. LONG -TERM LOANS

	December 31, 2024	December 31, 2023
	SR	SR
Balance as of January 01	**201,428,571**	235,000,000
Paid during the year	**(57,551,020)**	(33,571,429)
Balance as of December 31	**143,877,551**	201,428,571
Current portion of long-term loans	**57,551,020**	57,551,020
Non-current portion of long-term loans	**86,326,531**	143,877,551
	143,877,551	201,428,571

The Group utilized bank facilities from local commercial banks with a rate of one month SIBOR + agreed rates to finance the capital work in progress, as the value of the withdrawal until December 31, 2024: SR 143,877,551 (December 31, 2023: SR 201,428,571).

As of the year end, the Group was in compliance with all covenants associated with its loan agreements stipulated by the local commercial banks, ensuring no breaches occurred during the reporting period.

12. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group leases plots of land, buildings and medical equipment. The range of the duration of the determined lease terms is from 2 years to 23 years.

	December 31, 2024 SR	December 31, 2023 SR
Cost		
Balance as of January 01	**378,901,195**	315,023,121
Additions during the year	**1,643,718**	2,085,240
Adjustment	**(9,962,511)**	(16,212,783)
Modification during the year	**-**	78,005,617
Balance as of December 31	**370,582,402**	378,901,195
Accumulated Depreciation		
Balance as of January 01	**149,654,284**	136,597,058
Charge for the year	**29,012,344**	29,270,009
Adjustment	**(9,962,511)**	(16,212,783)
Balance as of December 31	**168,704,117**	149,654,284
Net book value		
As of December 31,	**201,878,285**	229,246,911

The depreciation expense for the year has been allocated to cost of revenue in the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 SR	2023 SR
Cost of revenue	**22,790,286**	25,976,053
General and administrative expenses	**6,222,058**	3,293,956
	29,012,344	29,270,009

Lease liabilities	**December 31, 2024 SR**	December 31, 2023 SR
Balance as of January 01	**239,833,221**	177,050,545
Additions during the year	**1,643,718**	2,085,240
Finance cost during the year	**9,359,146**	8,673,334
Payments during the year	**(25,307,878)**	(25,981,515)
Modification during the year	**-**	78,005,617
Balance as of December 31	**225,528,207**	239,833,221

12. RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)

Lease liabilities as of the year-end are as follows:	December 31, 2024 SR	December 31, 2023 SR
Current portion of lease liabilities	**23,536,645**	25,086,962
Non-current portion of lease liabilities	**201,991,562**	214,746,259
	225,528,207	239,833,221

	December 31, 2024 SR	December 31, 2023 SR
Future minimum lease liabilities	**313,306,639**	336,778,097
Less: un-amortised finance costs	**(87,778,432)**	(96,944,876)
Present value of minimum lease liabilities	**225,528,207**	239,833,221
Less: current portion of lease liabilities	**(23,536,645)**	(25,086,962)
Non – current portion of lease liabilities	**201,991,562**	214,746,259

13. GOVERNMENT LOAN

The group obtained government interest-free loan to finance the purchase of medical equipment and furniture. This is secured against the mortgage of the land and the building of the Company (note 9) the Group paid last instalment for loan in February 27,2025 and started the procedures to release this mortgage.

	December 31, 2024 SR	December 31, 2023 SR
Balance as of January 01	**5,403,055**	7,968,335
Paid during the year	**(2,655,063)**	(2,565,280)
Balance as of December 31	**2,747,992**	5,403,055
Current portion of long-term government loans	**2,747,992**	2,565,278
Non-current portion of long-term government loans	**-**	2,837,777
	2,747,992	5,403,055

The Government grant represents the difference between the fair value and carrying value of the interest free loan obtained from Ministry of Finance to fund the purchase of medical equipment and furniture.

The movement of the deferred government grant during the year is shown as follows:

	2024 SR	2023 SR
Balance as of January 01	**285,287**	564,176
Amortization during the year	**(189,110)**	(278,889)
Balance as of December 31	**96,177**	285,287
Current portion of deferred government grant	**96,177**	189,107
Non-current portion of deferred government grant	**-**	96,180
	96,177	285,287

14. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2024 SR	December 31, 2023 SR
Employees' salaries and benefits	**51,406,839**	47,101,743
Contract liability	**9,341,309**	10,629,187
Accrued expenses	**7,996,456**	8,628,961
Value added tax	**2,893,949**	13,599,521
General organization for social insurance	**2,301,326**	2,352,727
Unearned other revenue	**1,176,406**	1,158,048
Others	**6,115,603**	5,733,572
	81,231,888	89,203,759

15. ZAKAT PAYABLE

The principal elements of the zakat base are as follows:

	December 31, 2024 SR	December 31, 2023 SR
Equity and equivalents	**838,747,166**	845,049,225
Non-current liabilities	**622,284,516**	518,265,731
Adjustments	**-**	138,034,696
Less: Non-current assets	**(1,461,031,682)**	(1,455,824,584)
Zakat base	**-**	230,544,324
Minimum Zakat base	**185,219,494**	168,696,041
Maximum zakat base	**838,747,166**	845,049,225
Zakat due on minimum zakat base	**4,787,453**	5,763,608

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

15. ZAKAT PAYABLE (continued)

The movement in Zakat provision for the years ended December 31, is as follows:

	December 31, 2024 SR	December 31, 2023 SR
Balance as of January 01	**5,714,642**	3,957,230
Charge for the current year	**8,435,573**	6,003,547
Paid during the year	**(5,798,663)**	(4,246,135)
Balance as of December 31	**8,351,552**	5,714,642

Status of assessments:
Zakat declarations were submitted to the Zakat, Tax and Customs Authority (ZATCA) for all years up to December 31, 2023, and the Group obtained the final assessment up to the year ended 2018, and it is still, awaiting the final assessments for the years from 2019 up to 2023 from ZATCA.

16. EMPLOYEES DEFINED BENEFITS LIABILITIES

The Group provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, provided that a minimum period of service is completed. The entitlement is calculated according to the Saudi Arabian Labor Law and is payable upon resignation or termination of the employee.

	December 31, 2024 SR	December 31, 2023 SR
Employees' benefit liability	**159,552,201**	155,938,697

The movement of present value of total employee benefits liability recognised in the statement of financial position is as follows:

	December 31, 2024 SR	December 31, 2023 SR
Balance as of January 01	**155,938,697**	147,367,361
Included in profit or loss		
Current service cost	**19,112,901**	17,895,328
Interest cost	**6,802,067**	6,379,864
	25,914,968	24,275,192
Re-measurement losses/ (gains)	**3,173,132**	(4,518,662)
Benefits paid	**(25,474,596)**	(11,185,194)
Balance as of December 31	**159,552,201**	155,938,697

16. EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

The expense recognised in the statement of profit or loss and other comprehensive income is as follows:

	2024 **SR**	2023 SR
Current service cost	**19,112,901**	17,895,328
Interest cost	**6,802,067**	6,379,864
	25,914,968	24,275,192

Actuarial assumptions
The main financial assumptions used to calculate the indicative defined unfunded benefit plans liabilities is as follows:

	December 31, 2024	December 31, 2023
Discount rate	**5.25%**	4.75%
Future salary growth/expected rate of salary increase	**3.75%**	3.00%
Withdrawal rate	**22%**	22%

The sensitivity of employee benefits obligation to changes in the weighted principal assumptions is as follows:

	December 31, 2024		
	Impact on employee benefits liability Increase/(decrease) in actual figures		
	Change in assumption by	**Increase in assumption**	**Decrease in assumption**
Discount rate	**1%**	**153,050,552**	**167,748,726**
Future salary growth/expected rate of salary increase	**1%**	**167,806,938**	**152,872,165**

	December 31, 2023		
	Impact on employee benefits liability Increase/(decrease) in actual figures		
	Change in assumption by	Increase in assumption by	Decrease in assumption by
Discount rate	1%	143,427,343	154,876,629
Future salary growth/expected rate of salary increase	1%	154,921,907	143,286,797

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented may not be representative of the actual change in the employee benefits liability as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

16. EMPLOYEES DEFINED BENEFITS LIABILITIES (continued)

In presenting the sensitivity analysis, the present value of the employee benefits liability has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the employee benefits liability recognised in the statement of financial position.
There was no change in the method and assumption used in preparing the sensitivity analysis from prior year.

During the year, an independent actuarial exercise has been conducted to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labor Law by using the Projected Unit Credit Method as required under IAS 19.

The expected maturity analysis of the employees benefit liability is as follows:

The weighted average duration of the end of service benefits is 6 years.

Expected total benefits payment	**December 31, 2024 SR**	December 31, 2023 SR
Year 1	**34,593,760**	46,735,444
Year 2	**22,950,457**	20,203,961
Year 3	**18,660,223**	18,251,815
Year 4	**18,558,437**	18,347,696
Year 5	**15,710,622**	13,703,209
Year 6 and above	**100,669,307**	74,944,571

17. SHARE CAPITAL

The Company's share capital as of December 31, 2023 is SR 85,000,000 consisting of 8,500,000 ordinary shares, fully paid up with a nominal value of SR 10. During the year 2024, the Company resolved to increase the share capital by SR 165,000,000 by capitalizing the retained earnings with a total value SR 165,000,000 and split the share from SR 10 to SR 1 as per the approval of the board of directors dated August 27, 2024 and the approval of extraordinary general assembly of the Company in its meeting held on September 15, 2024.The Company obtained the ministry of commerce approval and updated the commercial registration on November 19, 2024.capital consists as of December 31, 2024, and December 31, 2023, as follows:

		As of December 31, 2024		
Name	**Nationality**	**Number of shares**	**Percentage**	**Amount**
Abdulrahman Saad Al-Rashid & Sons Company	**Saudi**	**100,985,250**	**40.39%**	**100,985,250**
Abdullah Saad Al Rashid & Sons Company	**Saudi**	**51,602,500**	**20.64%**	**51,602,500**
Al-Thomad Travel and Tourism Company	**Saudi**	**50,492,750**	**20.20%**	**50,492,750**
Rashid Saad Al Rashid & Sons Company	**Saudi**	**32,552,000**	**13.02%**	**32,552,000**
Dr. Khaled Al Sebaiay	**Saudi**	**9,558,750**	**3.83%**	**9,558,750**
Dr. Mohammad Saleh Al Konbaz.	**Saudi**	**4,808,750**	**1.92%**	**4,808,750**
		250,000,000	**100.00%**	**250,000,000**

		As of December 31, 2023		
Name	Nationality	Number of shares	Percentage	Amount
Abdulrahman Saad Al-Rashid & Sons Company	Saudi	3,433,500	40.39%	34,335,000
Abdullah Saad Al Rashid & Sons Company	Saudi	1,754,481	20.64%	17,544,810
Al-Thomad Travel and Tourism Company	Saudi	1,716,750	20.20%	17,167,500
Rashid Saad Al Rashid & Sons Company	Saudi	1,106,769	13.02%	11,067,690
Dr. Khaled Al Sebaiay	Saudi	325,000	3.83%	3,250,000
Dr. Mohammad Saleh Al Konbaz.	Saudi	163,500	1.92%	1,635,000
		8,500,000	100.00%	85,000,000

18. STATUTORY RESERVE

The statutory reserve included in the consolidated financial statements as of December 31, 2024, and December 31, 2023, was required under the Company's previous by-laws. However, following amendments to the Company's by-laws during the year ended December 31, 2024, the requirement to set aside a statutory reserve has been removed.

19. REVENUE

The Group primarily generates revenue from contract with customers from:

1- Services relating to inpatient and outpatient; and
2- Sale of pharmaceutical goods; and
3- Sale food and catering.

	2024	2023
	SR	SR
Medical services	**1,163,439,463**	1,105,991,035
Pharmaceuticals	**254,524,472**	232,753,575
Food and catering	**21,621,596**	29,184,957
	1,439,585,531	1,367,929,567

20. COST OF REVENUE

	2024	2023
	SR	SR
Employees 'salaries & benefits	**560,419,315**	543,297,518
Medicines , operating room supplies and food	**389,007,490**	374,830,620
Depreciation	**74,450,368**	77,349,858
Repair and maintenance	**6,330,572**	4,709,785
Others	**17,217,157**	11,292,546
	1,047,424,902	1,011,480,327

21. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
	SR	SR
Employees 'salaries & benefits	**98,302,828**	92,177,375
Depreciation	**13,028,687**	10,412,800
Expected credit losses	**9,678,156**	6,214,023
Repair and maintenance	**7,307,321**	7,490,959
Subscription	**2,002,173**	2,136,821
Others	**13,280,427**	14,219,367
	143,599,592	132,651,345

22. FINANCE COST

	2024 **SR**	2023 SR
Interest cost on long and short term loans	**35,617,389**	33,126,709
Interest cost on lease liabilities	**9,359,146**	8,673,334
Interest cost on Employees defined benefits liabilities	**6,802,067**	6,379,864
Unwinding of deferred income on MOF loan	**189,110**	278,889
	51,967,712	48,458,796

23. DIVIDEND DISTRIBUTION

The General Assembly, in their meeting held on December 15, 2024, approved annual dividend amounting to SR 200,000,000 for the year ended December 31, 2024 (SR 60,000,000 for the year ended December 31, 2023).

24. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the shareholders, affiliated companies, directors, and relatives thereof. The terms and conditions of such transactions are approved by the management:

Name of Related Party	Relationship
Saudi Bunyan Company	Common Directorship
Snow Bright Laundry Company	Common Directorship
Advance food Company	Owned by a close family member of a director
Adeem Al Sahra Trading Company	Owned by a close family member of a director
Cotton Experts Company	Owned by a close family member of a director
Code Invention Company	Owned by a close family member of a director
Abdulrahman Saad Al-Rashid & Sons Company	Shareholder
Abdullah Saad Al Rashid & Sons Company	Shareholder
Al-Thomad Travel and Tourism Company	Shareholder
Rashid Saad Al Rashid & Sons Company	Shareholder
Dr. Khalid Al Sebaiay	Shareholder
Dr. Mohammad Saleh Al Konbaz	Shareholder
Mr. Sulaiman Abdulrahman Al-Rashid	Chairman of Board of Directors
Mr. Abdulrahman Al-Rashid	Director
Mr. Rashid Saad Al-Rashid	Director
Mr. Omran AbdulRahman Al-Rashid	Director
Mr. Yousef Rashid Al-Rashid	Director
Mr. Abdallah A. Al-Twaijri	Director
Family members of shareholders, board members, and those related them	Family Members

24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

The significant transactions and the related approximate amounts is as follows:

Transactions with Related Parties	2024 SR	2023 SR
Purchases and services	**18,869,906**	19,463,505
Lease rentals payments	**16,506,892**	16,236,893
Expenses incurred on behalf of related parties	**3,988,694**	478,979
Revenue	**3,433,236**	1,633,461
Other income	**1,271,900**	-
Advance payments	**724,958**	-

Due from related parties	December 31, 2024 SR	December 31, 2023 SR
Abdulrahman Saad Al-Rashid & Sons Company	**1,449,949**	-
Advance food Company	**1,271,900**	-
Abdullah Saad Al Rashid & Sons Company	**738,166**	-
Al-Thomad Travel and Tourism Company	**722,291**	-
Cotton Experts Company	**720,266**	-
Rashid Saad Al Rashid & Sons Company	**465,647**	4,453
Saudi Bunyan Company	**394,336**	124,643
Dr. Khalid Al Sebaiay	**136,732**	-
Dr. Mohammad Saleh Al Konbaz	**68,785**	1,796
Code Invention Company	**-**	48,621
Mr. Omran Abdulrahman Al-Rashid	**-**	235,511
Mr. Yousef Rashid Al-Rashid	**-**	78,941
Mr. Sulaiman Abdulrahman Al-Rashid	**-**	29,617
Mr. Abdulrahman Al-Rashid	**-**	22,768
Mr. Rashid Saad Al-Rashid	**-**	18,250
Mr. Abdallah A. Al-Twaijri	**-**	720
Family members of shareholders, board members, and those related them	**577,597**	449,212
	6,545,669	1,014,532

The amount due from related parties represent health care services provided to those related parties in the course of ordinary business with other customers and amounts paid on behalf of shareholders.

Due to related parties	December 31, 2024 SR	December 31, 2023 SR
Snow Bright Laundry Company	**228,618**	377,339
Code Invention Company	**107,858**	-
Adeem Al Sahra Trading Company	**48,150**	59,492
Al-Thomad Travel and Tourism Company	**-**	326,912
Cotton Experts Company	**-**	131,781
	384,626	895,524

24. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel of the group:	**2024 SR**	2023 SR
Short term employment benefits	**7,917,508**	10,167,130
Board of Directors' remuneration	**1,500,000**	1,500,000
Post-employment benefits	**1,154,848**	993,011
	10,572,356	12,660,141

25. COMMITMENTS AND CONTINGENCIES

Capital commitments

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

	December 31 2024 SR	December 31 2023 SR
Capital commitments *	**11,758,277**	23,544,956

* The commitments are relating to various construction contracts projects with Abdulrahman Saad Al-Rashid & Sons Company, a major shareholder in the group.

Letter of guarantees

The Group has guarantees related to, as follows:

	December 31 2024 SR	December 31 2023 SR
Letter of guarantees	**81,153,071**	25,307,591

26. EARNINGS PER SHARE

Basic earnings per share (EPS) are calculated by dividing profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the year.

	2024 SR	2023 SR
Total profit for the year attributable to the shareholders	**185,219,494**	168,696,041
Weighted average number of ordinary shares outstanding *	**250,000,000**	250,000,000
Earnings per share – basic and diluted	**0.74**	0.68

Earnings per share for the year ended December 31, 2024 and 2023 is calculated by dividing profit for the year attributable to the equity holders by 250,000,000 shares to give a retroactive effect of change in the number of shares increased as a result of split the share and of the increase in share capital by SR 165,000,000 by capitalizing the retained earnings with a total value SR 165,000,000.

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As the group financial instruments are compiled under the historical cost convention, differences may arise between the book values and fair value estimates. Management believes that the fair values of the group financial assets and liabilities are not materially different from their carrying values.

The management assessed that cash and short-term deposits, trade and other receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The table below shows the carrying amounts of financial assets and liabilities:

Financial Assets **Amortised cost**	Notes	**December 31, 2024** **SR**	December 31, 2023 SR
Trade and other receivables	6	**406,603,950**	508,445,998
Due from related parties	26	**6,545,669**	1,014,532
Other debit balances	8	**8,443,705**	1,493,000
Cash and cash equivalents	5	**92,487,981**	47,822,985
		514,081,305	558,776,515

Financial Liabilities **Amortised cost**		**December 31, 2024** **SR**	December 31, 2023 SR
Long term loans	11 & 13	**146,625,543**	206,831,626
Short term loans	10	**490,537,492**	415,000,000
Lease liabilities	12	**225,528,207**	239,833,221
Due to related parties	26	**384,626**	895,524
Trade payables		**104,488,395**	115,478,265
		967,564,263	978,038,636

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair value measurement *(continued)*

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Management believes that its estimates and judgments are reasonable and adequate.

Financial risk management

The board of directors of the group has overall responsibility for the establishment and oversight of the Group's risk management framework. The board is also responsible for developing and monitoring the Group's risk management policies.

The group has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk
- Foreign Currency risk
- Commission rate risk
- Capital Management

Credit risk

Credit risk is the risk that one party will fail to discharge its obligation and will cause the other party to incur a financial loss.

The group assets that are subject to credit risks comprise of bank balances, bank deposits, advances to suppliers, receivables and other debit balances. Cash is placed with banks with high credit ratings and credit limits to the customers are monitored on regular basis thus reduces credit risk.

The group does not believe that there is a significant risk of non-performance by these financial institutions, the group does not consider itself exposed to a concentration of credit risk with respect to accounts receivable due to its diverse customer base operating in various industries.

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the financial position date was as follows:

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)	**December 31, 2024 SR**	December 31, 2023 SR
Trade and other receivables	**406,603,950**	508,445,998
Due from related parties	**6,545,669**	1,014,532
Other debit balances	**8,443,705**	1,493,000
Cash and cash equivalents	**92,487,981**	47,822,985
	514,081,305	558,776,515

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. Liquidity risk is managed by monitoring on a regular basis to ensure that sufficient funds are available to meet any future commitments. The group approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the group reputation.

The following are the contracted maturities of financial liabilities, including estimated interest payments:

December 31, 2024	**Carrying Amount SR**	**Contractual Cash Flows SR**	**Less than a year SR**	**More than a year SR**
Non-derivative financial liabilities				
Long term loans	**146,625,543**	**158,620,894**	**68,525,198**	**90,095,696**
Short term loan	**490,537,492**	**519,171,179**	**519,171,179**	**-**
Lease liabilities	**225,528,207**	**313,306,639**	**23,536,645**	**289,769,994**
Due to related parties	**384,626**	**384,626**	**384,626**	**-**
Trade payables	**104,488,395**	**104,488,395**	**104,158,709**	**329,686**
	967,564,263	**1,095,971,733**	**715,776,357**	**380,195,376**

December 31, 2023	Carrying Amount SR	Contractual Cash Flows SR	Less than a year SR	More than a year SR
Non-derivative financial liabilities				
Long term loans	206,831,626	230,557,374	71,603,211	158,954,163
Short term loan	415,000,000	424,931,250	424,931,250	-
Lease liabilities	239,833,221	336,778,098	25,086,962	311,691,136
Due to related parties	895,524	895,524	895,524	-
Trade payables	115,478,265	115,478,265	114,708,998	769,267
	978,038,636	1,108,640,511	637,225,945	471,414,566

27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

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.

Management monitors the fluctuation in currency exchange rates and believes that the currency risk is not significant. The Group's transaction is principally in Saudi Riyals.

Commission 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 market interest rates. The Group's financial assets and liabilities as of the consolidated financial position date, except for some banking facilities and long-term loans, are not exposed to interest rate risk.

Capital management
Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest bearing loans and borrowing in the current period. Surplus cash is either reinvested in the business, used to repay debt or returned to shareholders.

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

28. SEGMENT INFORMATION

As the operations of the Group are conducted in the Kingdom of Saudi Arabia, accordingly, for management purposes, the Group is organized into business units based on its products and services and has two reportable segments. Operating segments is determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Chief executive officer (CEO) as he is primarily responsible for the allocation of resources to segments and the assessment of the performance of each of the segments. Revenue and segment profit is a consistent measure within the Group. The identified key segments are medical services, and trading and retail.

The following table presents segment information (assets, liabilities, revenue and net income) for each of the business segments as at and for the year ended December 31:

	Medical services SR	**Pharmacies & others SR**	**Total SR**
For the year ended December 31, 2024			
Revenue	**1,163,439,463**	**276,146,068**	**1,439,585,531**
Gross profit	**306,357,120**	**85,803,509**	**392,160,629**
For the year ended December 31, 2023			
Revenue	1,105,991,035	261,938,532	1,367,929,567
Gross profit	282,886,947	73,562,293	356,449,240
As of December 31, 2024			
Total assets	**1,977,685,481**	**66,206,187**	**2,043,891,668**
Total liabilities	**1,169,300,803**	**47,495,278**	**1,216,796,081**
As of December 31, 2023			
Total assets	2,004,067,080	70,163,166	2,074,230,246
Total liabilities	1,183,650,755	45,530,266	1,229,181,021

29. SUBSEQUENT EVENTS

Subsequent to the reporting period, on 26 March 2025, the Group obtained regulatory approval to proceed with its Initial Public Offering (IPO). The Group plans to complete the IPO and list its shares on Tadawul Main Market during June 2025. This event does not require adjustments to the financial statements, and its financial effects cannot be reliably estimated at this stage.

There were no events, except for aforementioned, subsequent to December 31, 2024, and occurring before the date of the approval of the financial statements that are expected to have a significant impact on these consolidated financial statements.

30. APPROVAL ON THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the board of directors on April 24, 2025 (corresponding to Shawwal 26, 1446 H).

APPROVED BY :	APPROVED BY :	APPROVED BY :
HANI CHARANI	BASSAM CHAHINE	SULAIMAN AL-RASHID
CFO	CEO	CHAIRMAN