

**ALF MEEM YAA FOR MEDICAL SUPPLIES
AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2025

**ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (≈5,500,000 - Five million five hundred thousand Saudi Riyal)

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alf Meem Yaa for Medical Supplies and Equipment Company (A Saudi Joint Stock Company) ("the Company"), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, as applicable to audit of financial statement of public interest entities. We have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Key audit matters (continued)

Key Audit Matters	How the matter was addressed in our audit
<p>Impairment of instalment sales receivables and trade receivables</p> <p>As at 31 December 2025, the gross receivables of instalment sales and trade receivables amounted to SR 168.3 million (2024: SR 134 million) against which an allowance for expected credit losses of SR 28 million (2024: 11.8 million) was maintained.</p> <p>The Company management has applied a simplified ECL model to determine the ECL allowance on trade receivables and instalment sales as at 31 December 2025. The ECL model involves the use of various assumptions, macroeconomic factors and study of historical trends relating to the Company trade receivables and Instalment sales receivables collections experience in line with the requirements of International Financial Reporting standard 9 'Financial Instruments' ("IFRS").</p> <p>We considered this as a key audit matter due to the judgements and estimates involved in the application of the expected credit loss model and the impact on the instalment sales receivable and trade receivables balances.</p> <p>Refer to notes 2 and 3 for accounting estimates and policies respectively and note 11 and 12 of the financial statements.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> ➤ Evaluated the Company's accounting policy for the ECL allowance to ensure compliance with the requirements of IFRS 9. ➤ Obtained an understanding of management's assessment regarding the impairment of trade and instalment receivables and the allowance for ECL. ➤ Involved our internal specialists to assess the reasonableness of significant judgments, estimates, and assumptions made by management related to the Company's assessment of the probability of default, the incorporation of forward-looking information, and the loss given default parameter used in the ECL model. ➤ Tested the accuracy of trade and instalment receivables ageing generated by the accounting system which is used in the preparation of ECL model as at 31 December 2025. ➤ Tested the arithmetical accuracy of the ECL model. ➤ Assessed the adequacy and appropriateness of the related disclosures in the accompanying financial statements.

Other Matter

The financial statements of the Company for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on 26 March 2025 (26 Ramadhan 1446H).

Other Information included in the Company's 2025 Annual Report

Other information consists of the information included in the Company's 2025 annual report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Other Information included in the Company's 2025 Annual Report (continued)

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

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

- 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

for Ernst & Young Professional Services



Abdulaziz S. Alarifi
Certified Public Accountant
License No. (572)



Jeddah: 14 Shawwal 1447H
(2 April 2026G)

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

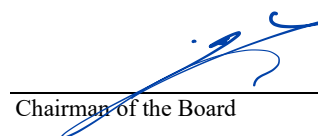
STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	31 December 2025 SR	31 December 2024 SR
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	7	2,206,847	2,254,223
Right-of-use assets	9	728,869	1,113,758
Intangible asset	8	2,096,496	1,452,500
Installment sales receivables – non-current portion	11	1,416,687	2,604,696
TOTAL NON-CURRENT ASSETS		6,448,899	7,425,177
CURRENT ASSETS			
Inventories	10	109,039,872	74,031,016
Installment sales receivables – current portion	11	46,409,446	36,898,379
Trade receivables	12	91,254,167	81,893,966
Prepayments and other assets	13	11,613,107	4,949,213
Cash and cash equivalents	14	9,743,740	24,211,580
TOTAL CURRENT ASSETS		268,060,332	221,984,154
TOTAL ASSETS		274,509,231	229,409,331
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	70,000,000	70,000,000
Reserve	16	5,040,698	5,040,698
Retained earnings		104,144,344	83,788,650
TOTAL EQUITY		179,185,042	158,829,348
NON-CURRENT LIABILITIES			
Employee benefits	17	13,292,474	10,765,421
Contract liabilities – non-current portion		-	400,485
Lease liabilities – non-current portion	19	377,060	541,572
TOTAL NON-CURRENT LIABILITIES		13,669,534	11,707,478
CURRENT LIABILITIES			
Trade payables		10,212,018	4,541,334
Bank borrowings	20	27,046,820	-
Contract liabilities – current portion		-	333,000
Accrued expenses and other liabilities	18	36,478,871	44,913,021
Lease liabilities – current portion	19	349,962	1,084,550
Zakat payable	21	7,566,984	8,000,600
TOTAL CURRENT LIABILITIES		81,654,655	58,872,505
TOTAL LIABILITIES		95,324,189	70,579,983
TOTAL EQUITY AND LIABILITIES		274,509,231	229,409,331


Chief Financial Officer


Chief Executive Officer


Chairman of the Board


The accompanying notes from 1 to 38 form an integral part of these financial statements.


ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)


STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 SR	2024 SR (Restated)
Revenue	23	304,963,333	248,350,537
Cost of revenue	24	(176,476,150)	(146,190,569)
GROSS PROFIT		128,487,183	102,159,968
Selling and marketing expenses	25	(38,490,309)	(35,546,951)
General and administrative expenses	26	(33,532,907)	(23,178,165)
(Allowance) / reversal of expected credit losses - trade receivables	12	(10,550,155)	2,265,390
Allowance for expected credit losses – instalment sale receivables	11	(5,724,889)	(544,093)
Other income	27	2,713,270	4,634,306
OPERATING PROFIT		42,902,193	49,790,455
Finance costs	28	(3,971,639)	(633,580)
Finance (loss) / income	29	(204,330)	886,918
PROFIT BEFORE ZAKAT		38,726,224	50,043,793
Zakat expense	21	(3,717,417)	(4,642,861)
PROFIT FOR THE YEAR		35,008,807	45,400,932
OTHER COMPREHENSIVE (LOSS) / INCOME			
<i>Items that will not be reclassified subsequently to statement of profit or loss:</i>			
Remeasurement (loss) / gain on net defined employees' benefits	17	(653,113)	247,460
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		34,355,694	45,648,392
EARNINGS PER SHARE:			
Earnings per share attributable to shareholders of the Company			
Basic and diluted	30	5.00	6.49


Chief Financial Officer


Chief Executive Officer


Chairman of the Board

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ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CHANGES IN EQUITY

At 31 December 2025

	<i>Share capital SR</i>	<i>Reserve SR</i>	<i>Retained earnings SR</i>	<i>Total SR</i>
At 1 January 2024	70,000,000	5,040,698	52,128,718	127,169,416
Profit for the year	-	-	45,400,932	45,400,932
Other comprehensive income for the year	-	-	247,460	247,460
Total comprehensive income for the year	-	-	45,648,392	45,648,392
Dividends paid (note 31)	-	-	(13,988,460)	(13,988,460)
At 31 December 2024	70,000,000	5,040,698	83,788,650	158,829,348
Profit for the year	-	-	35,008,807	35,008,807
Other comprehensive loss for the year	-	-	(653,113)	(653,113)
Total comprehensive income for the year	-	-	34,355,694	34,355,694
Dividends paid (note 31)	-	-	(14,000,000)	(14,000,000)
At 31 December 2025	70,000,000	5,040,698	104,144,344	179,185,042


Chief Financial Officer


Chief Executive Officer


Chairman of the Board

The accompanying notes from 1 to 38 form an integral part of these financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

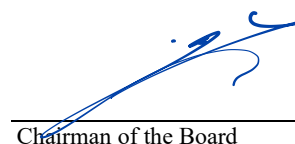
STATEMENT OF CASH FLOWS

At 31 DECEMBER 2025

	Notes	2025 SR	2024 SR
OPERATING ACTIVITIES			
Profit before zakat		38,726,224	50,043,793
<i>Adjustments to reconcile profit before zakat to net cash flows:</i>			
Depreciation of property, plant and equipment	7	800,663	717,706
Amortisation of intangible asset	8	461,904	103,750
Depreciation of right-of-use assets	9	331,303	1,003,252
Provision for employee benefits	17	1,521,097	1,356,887
Charge /(reversal) for provision slow moving inventories	10	891,805	(2,586,677)
Impairment of losses on financial assets – instalment sale receivables	11	5,724,889	544,093
Charge /(reversal) of expected credit losses – trade receivables	12	10,550,155	(2,265,390)
Lease adjustment	9,19	(520,703)	-
Finance income		-	(4,153,201)
Finance costs		3,971,639	633,580
		62,458,976	45,397,793
<i>Working capital changes:</i>			
Increase in inventories		(35,900,661)	(26,499,384)
Increase in instalment sales receivables		(14,047,947)	(7,236,297)
Increase in trade receivables		(19,910,356)	(20,213,591)
(Increase) / decrease in prepayments and other current assets		(6,663,894)	4,109,846
Increase in trade payables		5,670,684	4,029,947
(Decrease) / increase in contract liabilities		(733,485)	438,830
(Decrease) / increase in accrued expenses and other current liabilities		(9,129,461)	667,516
		(18,256,144)	694,660
Zakat paid	21	(4,151,033)	(4,194,236)
Employee benefits paid	17	(270,187)	(55,710)
Finance costs paid		(3,348,609)	-
Net cash flows used in operating activities		(26,025,973)	(3,555,286)
INVESTING ACTIVITIES			
Purchase of property and equipment	7	(753,287)	(348,796)
Purchase of intangible asset	8	(410,589)	(155,625)
Net cash flows used in investing activities		(1,163,876)	(504,421)


Chief Financial Officer


Chief Executive Officer


Chairman of the Board

The accompanying notes from 1 to 38 form an integral part of these financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

STATEMENT OF CASH FLOWS (continued)

At 31 DECEMBER 2025

	<i>Notes</i>	2025 SR	2024 SR
FINANCING ACTIVITIES			
Proceed from bank borrowing		72,675,020	-
Repayment of bank borrowing		(45,628,200)	-
Payment of principal portion of lease liability		(324,811)	(1,142,905)
Dividends paid	31	(14,000,000)	(13,988,460)
Net cash flows from / (used in) financing activities		12,722,009	(15,131,365)
Net decrease in cash and cash equivalents		(14,467,840)	(19,191,072)
Cash and cash equivalents at the beginning of the year		24,211,580	43,402,652
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		9,743,740	24,211,580
SUPPLEMENTARY NON-CASH INFORMATION			
Non-cash addition in intangible assets	8	695,311	1,400,624



Chief Financial Officer



Chief Executive Officer



Chairman of the Board

The accompanying notes from 1 to 38 form an integral part of these financial statements.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS

At 31 DECEMBER 2025

1. CORPORATE INFORMATION

Alf Meem Yaa for Medical Supplies and Equipment Company ("the Company") is a Saudi Joint Stock Company incorporated in Jeddah, Kingdom of Saudi Arabia. The Company was registered as a Saudi Limited liability company on 14 Safar 1430H, corresponding to 9 February 2009, under commercial registration number 4030186415 and unified identification number 7001587315.

On 23 Jumada I 1443H, corresponding 27 December 2021, the Capital Market Authority (CMA) has approved the registration of the Company shares for the purpose of direct listing on Numu - Parallel Market. The shares of the Company are listed on Nomu - Parallel Market and start trading as on 15 Jumada Al Thani 1443H, corresponding to 18 January 2022 with the symbol 9527 and ISIN Code SA15GGP4KRH1.

As per the Company's By-laws, the Company is engaged in wholesale and retail trade which mainly includes perfumes, cosmetics, orthotic devices, medical supplies, decorative soap, incense, veterinary medicine and medical equipment.

The Company operates through the following branches and these financial statements include their results as well:

<i>Branch / City</i>	<i>Commercial Registration No.</i>	<i>Registration Date</i>
Riyadh	1010478367	12 Rabie Awal 1440H, corresponding to 19 November 2018
Jeddah	4030186415	14 Safar 1430H, corresponding to 9 February 2009
Dammam	2050133577	8 Rajab 1441H, corresponding to 3 March 2020

The registered address of the Company is Prince Sultan Street P.O. Box 11544, Jeddah 21463 Kingdom of Saudi Arabia.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards that are endorsed in Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") and the applicable provisions of the Regulations for Companies and Company's By-laws.

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention, except for employees' benefits which are measured at present value of the defined benefit obligation using the projected unit credit method.

2.3 Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR) which is the functional and presentation currency of the Company.

2.4 Significant accounting judgments, estimates and assumptions

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

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management (note 34)
- Financial instruments risk management (note 33)
- Sensitivity analyses disclosures (note 17 & 33)

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

2. BASIS OF PREPARATION (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Going concern

The Company exercises judgement in assessing its ability to continue as a going concern. The management has assessed the ability of the Company to continue as a going concern based on its existing liquidity position and cash flow projections, and is not aware of any material uncertainties that may cast significant doubt and the management is satisfied that the Company has the resources to continue and meet its obligations as they fall due in the ordinary course of business in the foreseeable future. Therefore, the financial statements of the Company continue to be prepared on the going concern basis.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Zakat

The determination for zakat provision involves material management judgement that involves calculation of the zakat base and zakatable profits in accordance with the zakat and income tax regulations enforced in the Kingdom of Saudi Arabia, which may be subject to different interpretations. The final assessment amount could be significantly different from the declarations and appeals filed by the Company. In determining the amount payable to Zakat, Tax and Customs Authority ("ZATCA"), the Company has applied their judgement and interpretation of the ZATCA requirements for calculating Zakat.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a material risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company 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 that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Information about the assumptions and estimation uncertainties is included in the following areas:

Impairment for expected credit losses (ECL) in trade and instalment receivables

The Company uses a provision matrix to calculate ECLs for trade and instalment receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the trading sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

2. BASIS OF PREPARATION (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

Impairment for expected credit losses (ECL) in trade and instalment receivables (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's instalment and trade receivables is disclosed in note 11 & 12.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. To determine a recoverable amount, the management uses fair value using market approach and value in use approach.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Company.

Employee benefits

The cost of the employee defined benefit plan, and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and employees' turnover rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

The calculation most sensitive parameter to change is discount rate and future salary increases. In determining the appropriate discount rate, the management considers the market yield on high quality government bonds. Future salary increases are based on expected future inflation rates, seniority, promotion, demand and supply in the employment market.

The mortality rate is based on publicly available mortality tables for the country. Those mortality tables tend to change only at intervals in response to demographic changes. Further details about employee benefits obligations are provided in note 17.

Useful lives and residual value of property and equipment and intangibles assets

The Company's management determines the estimated useful lives of its property and equipment and intangibles assets for calculating depreciation and amortization. These estimates are determined after considering the expected usage of the assets and their physical wear and tear and technical obsolescence. Management periodically reviews the useful lives, residual value, depreciation and amortization method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Income from receivable with significant financing component

To estimate the transaction price in a contract, the Company adjusts the promised amount of consideration for the time value of money if the contract contains a significant financing component. If a contract includes a significant financing component, then the Company uses the discount rate that would be reflected in a separate financing transaction between it and the customer at inception of the contract. This discount rate is not generally updated for a change in circumstances.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

2. BASIS OF PREPARATION (continued)

2.4 Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

Right of return asset

The right of return assets are estimated for the right to recover the goods expected to be returned by customers according to the average of the return goods within the prior five years to the sales volumes during these years. The return asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly. The Company generally allows a period of 360 days to its customers for payment against sale of inventories and rendering of services. The refund liability is included in other payables (note 18) and the right to recover returned goods is included in inventory (note 10). The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The following are the material accounting policies applied by the Company consistently in preparing its financial statements except for the new and amended standards and interpretations as disclosed in note 4.

3.1 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

3.2 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Property and equipment (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Years		Years
Furniture, leasehold improvements and fixtures	4-5	Tools	5
Computers	5	Motor vehicles	5
Office equipment	5		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

3.3 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

The right-of-use assets are presented as a separate line in the statement of financial position.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The unwinding component of finance cost is included in the statement of profit or loss. The lease liabilities are presented as a separate line in the statement of financial position.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Leases (continued)

Short-term leases and leases of low-value assets

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

3.4 Intangible assets

Intangible asset acquired separately are measured on initial recognition at cost. Following initial recognition, intangibles assets are carried at cost less any accumulated amortization and any accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets with finite life are amortized on a straight-line basis. The estimated useful lives of intangible asset are as follows:

	Years
Software license	5

3.5 Inventories

Inventories are measured at the lower of cost and net realisable value using the the weighted average cost basis, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

Allowance for inventory obsolescence is made considering various factors including age of the inventory items, expiry date, historic usage and expected utilization in future.

3.6 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and cash in hand available to the Company without any restrictions. For the purpose of the statement of cash flows, cash and cash equivalents consist of bank balances and cash in hand.

3.7 Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Financial instruments

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

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value and in the case of a financial asset not carried at fair value through profit or loss, fair value plus transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price and for other trade receivables, that contain a significant financing component, the Company adjusts the transaction price in respect to the significant financing component.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in statement of profit or loss when the asset is derecognized, modified, or impaired.

The Company's financial assets at amortized cost includes cash and cash equivalents, trade receivables, employee loans and margin on letter of credit.

The Company's write-off policy for financial assets is when management has indications that there is no reasonable expectation of recovery.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to the statement of profit or loss.

Currently, the Company does not have any debt instruments designated at fair value through OCI.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired
- Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Financial instruments (continued)

i) Financial assets (continued)

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost.

For trade receivables and other financial assets, the Company applies the simplified approach as permitted by IFRS 9 - 'Financial Instruments', which requires expected lifetime losses to be recognised from the initial recognition of the receivables. The amount of the loss is charged to the statement of profit or loss.

The loss rates are based on probability of default based on historical trends relating to collections of Company's trade receivables. The loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified gross domestic product for the Kingdom of Saudi Arabia as the most relevant factor, and accordingly, adjusts the loss rates based on such expected changes.

Trade receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant decrease in credit worthiness of the customer, the failure of the customer to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 360 days past due.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, short term borrowing and lease liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Financial instruments (continued)

ii) Financial liabilities (continued)

Subsequent measurement (continued)

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.9 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment loss is allocated to reduce the carrying amount of the assets of the cash generating unit (group of units) in pro rata on the basis of the carrying amount of each asset in the unit (group of units). These reductions in carrying amounts shall be treated as impairment losses on individual assets and recognized. Non-current assets that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in the statement of comprehensive income.

3.10 Employees' benefits

The Company operates a single post-employment benefit scheme of defined benefit plan, driven by the Labor Laws and Workman Laws of the Kingdom of Saudi Arabia, which is based on most recent salary and number of service years. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the Labor Law of Saudi Arabia.

The Company's obligation under employee end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Re-measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in statement of other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.11 Zakat and taxes

Zakat

Zakat is provided in accordance with the Regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia and on accruals basis. The provision is charged to the statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalization.

Withholding tax

The Company withhold taxes on transactions with non-resident parties in accordance with ZATCA regulations, which is not recognised as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

Value added tax (“VAT”)

Revenues, expenses, and assets are recognized net of the amount of Value Added Tax (“VAT”) except:

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

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

3.12 Revenue from contract with customers

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

Revenue from sale of medical equipment, supplies and rendering of services

Revenue is recognised when finished goods are delivered / handed over or services have been rendered and have been accepted by customers (which is the point at which control of such goods is passed or services is rendered to the customer), net of any amounts paid / payable to customers (primarily represented by rebates and other fees) that are not distinct from the sale transaction. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns and expected settlement discounts, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset (return asset) are recognised. Payment is typically due within 15-45 days from the invoice date depending on the specific terms of the contract if any.

Income from trade receivables with significant financing component

The Company recognise revenue from revenue stream i.e. medical equipment sale with significant financing component on deferred payment basis. Under this stream the Company receive payment from customer against the promised good on installment plan. Revenue is recognised in the Statement of Profit or Loss when a performance obligation is satisfied, at the price allocated to that performance obligation. This is defined as the point in time when control of the products has been transferred to the customer, the amount of revenue can be measured reliably, and collection is probable.

The financing component is recognised as interest expense (when the customer pays in advance) or interest income (when the customer pays in arrears).

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Revenue from contract with customers (continued)

Assets and liabilities arising from rights of return

Right of return assets

A right of return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Company updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Company's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Warranty obligations

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions.

3.13 Cash dividend to shareholders of the Company

The Company recognises a liability to pay a dividend when the distribution is authorised, and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.14 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.15 Segment reporting

Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The executive management (Board of Directors and top management (Chief Executive Officer (CEO), Managing Director (MD) and Chief Financial Officer (CFO)) is the Chief Operating Decision Maker ("CODM") and monitor the operation results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

An operating segment is group of assets and operations:

- (i) engaged in revenue producing activities;
- (ii) results of its operations are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- (iii) financial information is separately available.

3.16 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY (A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Lack of exchangeability – Amendments to IAS 21

The Effects of Changes in Foreign Exchange Rates specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments did not have a material impact on the Company's financial statements.

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The amendments are not expected to have a material impact on the Company's financial statements

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to the Classification and Measurement of Financial Instruments -Amendments to IFRS 9 and IFRS 7 (continued)

The Amendments are effective for annual periods starting on or after 1 January 2026 with early adoption permitted for classification of financial assets and related disclosures only. The Company does not anticipate that the amendments will have a material effect on the Company's financial statements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB issued nine narrow scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections or changes to improve consistency in IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statements of Cash Flows.

The amendments will be effective for reporting periods beginning on or after 1 January 2026. Earlier application is permitted and must be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

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

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity; the amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exception are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Company does not expect that the amendments will have a material impact on its financial statements.

6 SEGMENT INFORMATION

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Board of Directors of the Company through the executive management, which includes Managing Director, Chief Executive Officer, and Chief Financial Officer.

With respect to the allocation of resources and assessment of performance of the Company, the CODM considers the entire operations and services as one function. Accordingly, presenting different segmental information is not considered necessary. Furthermore, the Company's operations are conducted in the Kingdom of Saudi Arabia.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

7. PROPERTY AND EQUIPMENT

	<i>Furniture SR</i>	<i>Leasehold improvements & fixtures SR</i>	<i>Computers SR</i>	<i>Office equipment SR</i>	<i>Tools SR</i>	<i>Motor vehicles SR</i>	<i>Total SR</i>
Cost:							
At 1 January 2025	751,596	1,930,921	628,961	337,545	27,835	462,115	4,138,973
Additions	90,038	-	302,359	79,325	16,000	265,565	753,287
At 31 December 2025	841,634	1,930,921	931,320	416,870	43,835	727,680	4,892,260
Accumulated Depreciation:							
At 1 January 2025	319,816	712,728	402,714	145,768	24,920	278,804	1,884,750
Charge for the year	145,670	368,053	106,979	65,412	3,325	111,224	800,663
At 31 December 2025	465,486	1,080,781	509,693	211,180	28,245	390,028	2,685,413
Net book value:							
At 31 December 2025	376,148	850,140	421,627	205,690	15,590	337,652	2,206,847

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

7. PROPERTY AND EQUIPMENT (continued)

	<i>Furniture SR</i>	<i>Leasehold improvements & fixtures SR</i>	<i>Computers SR</i>	<i>Office equipment SR</i>	<i>Tools SR</i>	<i>Motor vehicles SR</i>	<i>Total SR</i>
Cost:							
At 1 January 2024	736,285	1,782,801	517,780	266,626	24,570	462,115	3,790,177
Additions	15,311	148,120	111,181	70,919	3,265	-	348,796
At 31 December 2024	<u>751,596</u>	<u>1,930,921</u>	<u>628,961</u>	<u>337,545</u>	<u>27,835</u>	<u>462,115</u>	<u>4,138,973</u>
Accumulated Depreciation:							
At 1 January 2024	182,135	353,806	330,327	91,608	23,040	186,128	1,167,044
Charge for the year	137,681	358,922	72,387	54,160	1,880	92,676	717,706
At 31 December 2024	<u>319,816</u>	<u>712,728</u>	<u>402,714</u>	<u>145,768</u>	<u>24,920</u>	<u>278,804</u>	<u>1,884,750</u>
Net book value:							
At 31 December 2024	<u>431,780</u>	<u>1,218,193</u>	<u>226,247</u>	<u>191,777</u>	<u>2,915</u>	<u>183,311</u>	<u>2,254,223</u>

The depreciation charged during the year is allocated to general and administrative expenses.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

8. INTANGIBLE ASSET

	<i>31 December</i> <i>2025</i> <i>SR</i>	<i>31 December</i> <i>2024</i> <i>SR</i>
Cost:		
At 1 January	1,556,250	-
Additions	1,105,900	1,556,250
At 31 December	<u>2,662,150</u>	<u>1,556,250</u>
Accumulated amortization:		
At 1 January	103,750	-
Charge for the year	461,904	103,750
At 31 December	<u>565,654</u>	<u>103,750</u>
Net book value:		
At 31 December	<u>2,096,496</u>	<u>1,452,500</u>

9. RIGHT-OF-USE ASSETS

The Company has one lease agreement for its Riyadh office. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The Company also has lease agreements for warehouses and offices with lease terms of 12 months or less. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

9.1 The movement of right of use assets is as follows:

	<i>31 December</i> <i>2025</i> <i>SR</i>	<i>31 December</i> <i>2024</i> <i>SR</i>
At 1 January	1,113,758	2,117,010
Adjustment	(53,586)	-
Depreciation expense	(331,303)	(1,003,252)
At 31 December	<u>728,869</u>	<u>1,113,758</u>

The depreciation charged during the year is allocated to general and administrative expenses.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

10. INVENTORIES

	<i>31 December</i> 2025 SR	<i>31 December</i> 2024 SR
Medical equipment	13,806,967	27,604,609
Medical supplies	92,952,839	41,158,200
Stock in transit	2,689,846	1,677,857
Return asset	2,639,674	5,747,999
	<u>112,089,326</u>	<u>76,188,665</u>
Less: Provision for slow moving inventory	(3,049,454)	(2,157,649)
	<u><u>109,039,872</u></u>	<u><u>74,031,016</u></u>

10.1 Movement in the provision for slow moving inventories is as follows:

	<i>31 December</i> 2025 SR	<i>31 December</i> 2024 SR
At 1 January	2,157,649	4,744,326
Addition	891,805	-
Write off	-	(2,586,677)
	<u>3,049,454</u>	<u>2,157,649</u>

Cost of inventories consumed recognized in profit or loss for the year ended 31 December 2025 amounted to SR 174 million (2024: Saudi Riyals 144.2 million).

11. INSTALLMENT SALES RECEIVABLES

Installments sales receivables comprise of receivables from sales of medical equipment. For the purposes of these financial statements, installment sales receivables are carried at amortized cost, as detailed below:

	<i>31 December</i> 2025 SR	<i>31 December</i> 2024 SR
Gross installment sales receivable	61,516,418	47,333,977
Less: Unearned finance income	(1,174,734)	(1,040,240)
	<u>60,341,684</u>	<u>46,293,737</u>
Less: Allowance for expected credit loss	(12,515,551)	(6,790,662)
	<u>47,826,133</u>	<u>39,503,075</u>

11.1 Movement in the allowance for expected credit loss is as follows:

	<i>31 December</i> 2025 SR	<i>31 December</i> 2024 SR
At 1 January	6,790,662	6,246,569
Charge for the year	5,724,889	544,093
	<u>12,515,551</u>	<u>6,790,662</u>

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

11. INSTALLMENT SALES RECEIVABLES (continued)

The Company applies a simplified approach for calculating expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss for all receivable balance. Based on the historical trend and expected performance of the customers, the Company believes that the above expected credit loss allowance sufficiently covers the risk of default.

The ageing of instalment sales receivables is as follows:

Ageing	Gross carrying amount	Expected credit loss range (%)	Loss allowance
At 31 December 2025:			
Within the credit period	32,950,514	2.40%	790,707
1-90 days past due	7,045,857	12.21%	860,305
91-180 days past due	5,270,820	16.61%	875,700
181- 270 days past due	3,011,139	21.56%	649,164
271- 360 days past due	1,502,307	27.73%	416,541
More than 1 year past due	11,735,781	76.03%	8,923,134
Total	<u>61,516,418</u>		<u>12,515,551</u>

Ageing	Gross carrying amount	Expected credit loss range (%)	Loss allowance
At 31 December 2024:			
Within the credit period	27,225,808	0.30%	82,866
1-90 days past due	4,987,369	4.29%	214,091
91-180 days past due	3,150,965	9.91%	312,128
181- 270 days past due	2,234,001	14.11%	315,111
271- 360 days past due	2,193,672	28.61%	627,539
More than 1 year past due	7,542,162	69.46%	5,238,927
Total	<u>47,333,977</u>		<u>6,790,662</u>

	Current portion	Non-current portion	Total
31 December 2025:			
Gross receivable	57,051,064	4,465,354	61,516,418
Unearned finance income	(927,777)	(246,957)	(1,174,734)
Allowance for expected credit loss	(9,713,841)	(2,801,710)	(12,515,551)
Net receivables	<u>46,409,446</u>	<u>1,416,687</u>	<u>47,826,133</u>

	Current portion	Non-current portion	Total
31 December 2024:			
Gross receivable	42,889,763	4,444,214	47,333,977
Unearned finance income	(669,591)	(370,649)	(1,040,240)
Allowance for expected credit loss	(5,321,793)	(1,468,869)	(6,790,662)
Net receivables	<u>36,898,379</u>	<u>2,604,696</u>	<u>39,503,075</u>

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

12. TRADE RECEIVABLES

Trade receivables comprise the following:

	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
Trade receivables	106,866,894	86,956,538
Less: Allowance for expected credit loss	(15,612,727)	(5,062,572)
Net trade receivables	91,254,167	81,893,966

12.1 Movement in the allowance for expected credit loss is as follows:

	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
As at 1 January	5,062,572	7,327,962
Charge / (reversal) for the year	10,550,155	(2,265,390)
At 31 December	15,612,727	5,062,572

The Company applies a simplified approach for calculating expected credit losses prescribed by IFRS 9, which permits the use of the expected lifetime loss for all receivable balance. Based on the historical trend and expected performance of the customers, the Company believes that the above expected credit loss allowance sufficiently covers the risk of default.

Aging analysis of trade receivable is as follows:

Ageing	<i>Gross carrying amount</i>	<i>Expected credit Loss range (%)</i>	<i>Loss allowance</i>
At 31 December 2025:			
Within the credit period	62,459,442	1.47%	915,489
1-90 days past due	9,792,391	6.12%	598,889
91-180 days past due	9,053,555	13.33%	1,207,106
181- 270 days past due	6,316,327	23.91%	1,510,304
271- 360 days past due	3,155,122	32.75%	1,033,277
More than 1 year past due	16,090,057	64.31%	10,347,662
Total	106,866,894		15,612,727
Ageing			
At 31 December 2024:			
Within the credit period	47,853,096	0.81%	386,623
1-90 days past due	16,686,765	0.83%	138,195
91-180 days past due	7,705,242	2.58%	198,808
181- 270 days past due	3,681,264	3.47%	127,866
271- 360 days past due	2,204,665	35.80%	789,369
More than 1 year past due	8,825,506	38.77%	3,421,711
Total	86,956,538		5,062,572

**ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

13. PREPAYMENTS AND OTHER ASSETS

	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
Advances to suppliers	6,423,384	2,326,758
VAT receivable	2,761,405	1,677,920
Employees' loans (13.1)	904,282	423,637
Prepaid insurance	419,322	261,404
Prepaid rent	276,467	195,659
Bank guarantee	34,000	34,000
Others	794,247	29,835
	<u>11,613,107</u>	<u>4,949,213</u>

13.1 This amount represents interest-free loans to employees, having maturity of less than 1 year.

14. CASH AND CASH EQUIVALENTS

	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
Cash in hand	69,333	-
Cash at bank	9,674,407	24,211,580
	<u>9,743,740</u>	<u>24,211,580</u>

The cash at bank is held in current accounts with banks having sound credit ratings. The credit risk on these balances is expected to be very minimal. Bank balances are subject to an insignificant risk of changes in value. The fair value of cash and cash equivalents approximates the carrying value at 31 December 2025 and 31 December 2024.

15. SHARE CAPITAL

The authorized, issued and paid-up capital of the Company is SR 70,000,000 (31 December 2024: SR 70,000,000 million) is divided into 7,000,000 shares (31 December 2024: 7,000,000 shares) of SR 10 each (31 December 2024: SR 10) each.

16. RESERVE

This balance represents the total amounts appropriated from net income for prior years as statutory reserves in accordance with the requirements of the previous Companies Law and the company's By-Law prior to alignment with the new Companies Law. The utilization of these reserves is subject to the decisions of the shareholders' assembly.

ALF MEEM YAA FOR MEDICAL SUPPLIES AND EQUIPMENT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

17. EMPLOYEE BENEFITS

The Company operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the Saudi Arabian Labor law. The end-of-service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labour Laws of the Kingdom of Saudi Arabia. The latest valuation of employee benefit obligations under the projected unit credit method was carried out by an independent actuary as of 31 December 2025.

The amounts recognised in the statement of profit or loss and other comprehensive income related to employee benefit obligations are as follows:

	<i>31 December</i> <i>2025</i> <i>SR</i>	<i>31 December</i> <i>2024</i> <i>SR</i>
At 1 January	10,765,421	9,249,245
<i>Included in profit or loss</i>		
Current service cost	1,521,097	1,356,887
Interest costs	623,030	462,459
	<u>2,144,127</u>	<u>1,819,346</u>
<i>Included in other comprehensive income</i>		
Actuarial loss / (gain)	653,113	(247,460)
Benefit paid	(270,187)	(55,710)
	<u>13,292,474</u>	<u>10,765,421</u>

Actuarial assumptions

The following were the principal actuarial assumptions applied at the reporting date:

	<i>2025</i>	<i>2024</i>
Discount rate	5.70%	5.90%
Salary increase rate	7.00%	7.00%
Retirement age	58 – 65	58 – 65

The weighted-average duration of the defined benefit obligation is 4.67 years (31 December 2024: 4.28 years).

The quantitative sensitivity analysis for principal assumptions is as follows:

	<i>2025</i>	<i>2024</i>
Discount rate:		
+1% increase	(11,720,782)	(9,503,703)
-1% decrease	15,192,281	12,286,375
Salary increase rate:		
+1% increase	15,218,478	12,311,070
-1% decrease	(11,669,916)	(9,460,269)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee termination.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

17. EMPLOYEE BENEFITS (continued)

The expected maturity analysis of undiscounted employee benefits obligations is as follows:

	<i>31 December 2025</i>	<i>31 December 2024</i>
Less than a year	485,923	411,182
Between 1 – 5 years	2,072,933	1,354,433
Over 5 years	29,831,176	24,683,427

18. ACCRUED EXPENSES AND OTHER LIABILITIES

	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
Staff incentive accruals	10,258,285	15,389,085
Marketing related accruals	15,830,244	17,845,592
Refund liabilities	4,388,710	8,112,007
Intangible asset related accrual	2,095,936	1,400,624
Advances from customers	1,675,060	1,853,613
Accrual related to committee and board members (note 22)	1,239,916	-
Warranty assurance	532,720	-
Others	458,000	312,100
	<u>36,478,871</u>	<u>44,913,021</u>

19. LEASE LIABILITIES

Movement in lease liabilities is summarized as follows:

	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
At 1 January	1,626,122	2,597,906
Accretion of interest	65,189	171,121
Adjustment	(574,289)	-
Payments	(390,000)	(1,142,905)
At 31 December	<u>727,022</u>	<u>1,626,122</u>

Lease liabilities are presented as follows:

At 31 December 2025	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
Current portion	349,962	1,084,550
Non-current portion	377,060	541,572
	<u>727,022</u>	<u>1,626,122</u>

Expenses related to short-term and low-value leases for the period ending 31 December 2025 amounted to SR 1.66 million (31 December 2024: SR 0.6 million).

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

20. BANK BORROWINGS

During the year, the Company obtained multi-purpose credit facilities from a commercial bank to support its operational and capital expenditure requirements. The facilities comprise the a short-term Murabaha facility with a limit of SR 50 million, bearing a profit margin of SAIBOR + 2.3%, utilized to finance the Company’s operating cycle. As at 31 December, the outstanding balance under this facility amounted to SR 27.04 million. A revolving financing facility with a limit of SR 20 million, bearing a profit margin of SAIBOR + 2.5%, intended to finance the cost of equipment. As at 31 December, there was no outstanding balance under this facility. The financing facilities are secured by a promissory note issued by the Company.

The outstanding financing is classified under current liabilities in the statement of financial position, as these facilities are repayable within 12 months from the reporting date.

The breakup of the bank facilities is as follows:

	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
Short term facility	<u>27,046,820</u>	<u>-</u>

21. ZAKAT

Zakat is charged at the higher of net adjusted income or Zakat base as required by the ZATCA. The key elements of zakat base primarily include equity components, net income and liabilities adjusted for zakat purpose.

21.1 Provision for zakat

	<i>30 December 2025 SR</i>	<i>31 December 2024 SR</i>
At 1 January	8,000,600	7,551,975
Provision for the year	4,813,876	4,642,861
Reversal related to prior years	(1,096,459)	-
Payments	(4,151,033)	(4,194,236)
At 31 December	<u>7,566,984</u>	<u>8,000,600</u>

21.2 Status of assessments

The Company filed its Zakat returns with the Zakat, Tax and Customs Authority (“ZATCA”) up to the end of the year 31 December 2024, and paid the accrued Zakat according to these returns, and obtained Zakat certificate valid until 30 April 2026. A final assessment was issued by the Zakat, Tax and Customs Authority until 2019, and all financial dues amounting to SR 224,605 were paid in 2021, and there are no financial liabilities due on the Company.

The review and examination for the year 2023 were completed with respect to Zakat in accordance with the Executive Regulations for Zakat Collection issued under Ministerial Resolution No. (2216). No zakat differences were identified for that year.

On 20 November 2025, the Authority completed the review and examination for the year 2024 pursuant to Ministerial Resolution No. (1007). The assessment concluded that the total Zakat payable by the Company for 2024 amounted to SR 4,151,033. Of this amount, the Company had previously paid SR 2,051,233 upon submission of the Zakat return, and the remaining Zakat difference of SR 2,099,800 was recorded and settled in accordance with the Authority’s assessment.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 DECEMBER 2025

22. RELATED PARTY TRANSACTION AND BALANCES

Related parties are key shareholders, directors and key management personnel of the Company. The terms of these transactions have been approved by the Company's management. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Directors and shareholders (whether executive or otherwise).

Following is the list of related parties and their transactions and the relationship with the Company.

<i>Related Parties:</i>	<i>Relationship</i>
Ali Mohammed Deeb Ali Eed	Major shareholder
Board of Directors and Audit Committee	Board and Committee members

Related party transactions mainly represent Salaries, allowances and bonuses of senior executives. The following are the most significant transactions with related parties and the resulting balances:

<i>Related party</i>	<i>Nature of transaction</i>	<i>Amount of transaction</i>		<i>Balance</i>	
		<i>31 December 2025</i>	<i>31 December 2024</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
		<i>SR</i>	<i>SR</i>	<i>SR</i>	<i>SR</i>
<i>Amounts due to related party</i>					
Audit Committee and Board of Directors	Bonus	1,818,916	959,000	1,239,916	-

a) Compensation of key management personnel of the Company recognized as an expense during the year:

	<i>2025</i>	<i>2024</i>
	<i>SR</i>	<i>SR</i>
		<i>(Restated)</i>
Short-term employee benefits	3,138,951	8,235,986
Post-employment benefits liability	5,764,392	3,646,361
Total compensation of key management	8,903,343	11,882,347

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

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23. REVENUE

	2025 SR	2024 SR
Medical supplies	238,924,195	199,076,518
Medical equipment sales with significant financing	57,709,505	42,138,049
Supplier of services	8,329,633	7,135,970
	<u>304,963,333</u>	<u>248,350,537</u>

23.1 Timing of revenue recognition

	2025 SR	2024 SR
Products transferred at a point in time	<u>304,963,333</u>	<u>248,350,537</u>

24. COST OF REVENUE

	2025 SR	2024 SR
Cost of goods sold (a)	174,024,608	144,213,592
Cost of service – employees' related cost	2,451,542	1,976,977
	<u>176,476,150</u>	<u>146,190,569</u>

a) Cost of goods sold mainly includes costs pertaining to medical supplies, medical equipment and cost of rendering services along with the provision for inventory.

25. SELLING AND MARKETING EXPENSE

	2025 SR	2024 SR (Restated)
Staff incentive and marketing expenses	26,079,355	26,252,017
Employees' cost	11,999,633	9,212,967
Transportation and freight charges	411,321	81,967
	<u>38,490,309</u>	<u>35,546,951</u>

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26. GENERAL AND ADMINISTRATIVE EXPENSE

	2025 SR	2024 SR (Restated)
Employees' cost	15,298,578	15,892,755
Legal and professional fees	4,389,079	1,050,000
Subscription expenses	2,718,262	695,396
Early payment discount (customer settlement)	1,995,116	-
Board of Directors and Audit Committee remuneration	1,818,916	959,000
Rent expenses	1,650,406	607,806
Audit fees	1,014,961	430,000
Depreciation of property and equipment (note 7)	800,663	717,706
Warranty assurance	532,720	-
Amortisation – intangible asset (note 8)	461,904	103,750
Depreciation – right-of-use-assets (note 9)	331,303	1,003,252
Others	2,520,999	1,718,500
	<u>33,532,907</u>	<u>23,178,165</u>

27. OTHER INCOME

	2025 SR	2024 SR
Finance income on sale made with significant financing component	1,880,607	4,153,201
Others	832,663	481,105
	<u>2,713,270</u>	<u>4,634,306</u>

28. FINANCE COSTS

	2025 SR	2024 SR
Interest on borrowing	2,205,055	-
Interest on employees' benefits (note 17)	623,030	462,459
Interest on lease liabilities (note 19)	65,189	171,121
Others	1,078,365	-
	<u>3,971,639</u>	<u>633,580</u>

29. FINANCE (LOSS) / INCOME

	2025 SR	2024 SR
Foreign exchange (loss) / gain	(829,080)	886,918
Interest on deposits	624,750	-
	<u>(204,330)</u>	<u>886,918</u>

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30. EARNINGS PER SHARE

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

The following table reflects the income for the period attributable to ordinary equity holders and weighted average number of ordinary shares outstanding during the period used in the basic and diluted EPS computations:

	<i>31 December 2025 SR</i>	<i>31 December 2024 SR</i>
Profit attributable to shareholders of the Company	<u>35,008,807</u>	<u>45,400,932</u>
Weighted average number of shares	<u>7,000,000</u>	<u>7,000,000</u>
Basic and diluted earnings per share	<u>5.00</u>	<u>6.49</u>

31. DIVIDENDS

The shareholders in their resolution issued on 19 Dhul Qidah 1444H (corresponding to 18 June 2024) approved the distribution of SR 14 million (SR 2 per share) for the year ended 31 December 2024 which was paid during 2025.

32. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

- (i) There are several ongoing legal cases filed against the Company by former employees. The management of the Company has recorded appropriate provision based on the expected outcomes of such cases and believes that such cases would be resolved without any material impact on the financial statements of the Company.

As at 31 December 2025 and 31 December 2024, there were no contingent liabilities in respect of bank guarantees and letter of credit issued by the Company’s bank on its behalf.

33. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company’s principal financial liabilities comprise lease liabilities, short term borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company’s operations and to provide guarantees to support its operations. The Company’s principal financial assets include trade receivables, instalment sales receivables, other current assets and cash and cash equivalents that derive directly from its operations. The Company’s management reviews and agrees policies for managing each of these risks which are summarized below.

The Company is exposed to variety of financial risks including market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The Company’s Board of Directors regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Company’s policies and risk objectives.

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33. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include short-term loans and instalment sales receivables. The sensitivity analyses in the following sections relate to the position as at 31 December in 2025 and 2024.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates and receivables from instalment sales are carried at incremental borrowing rate. The Company manages its exposure to this risk by continuously monitoring movements in interest rates.

For short-term borrowings at floating interest rate, if the interest rate were to shift by 1%, there would be a maximum increase or decrease in the interest expense by Saudi Riyals 249,976 for 2025.

For instalment sales receivable at incremental borrowing rate, if the borrowing rate were to shift by 1%, there would be a maximum increase or decrease in the interest income by Saudi Riyals 126,294 for 2025.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company's transactions are principally in Saudi Riyals, US Dollars, Euros and AED. Management monitors the fluctuations in currency exchange rates. The bulk of the exposure is in USD and the Saudi Riyal is pegged at SR 3.75: USD 1, therefore, the Company is not exposed to any significant foreign currency risk from Saudi Arabian Riyals and US Dollars denominated financial instruments. However, the Company is exposed to foreign currency risk due to supplier balances in EUR. The Company manages currency risk exposure to the above currencies by continuously monitoring the currency fluctuations. As at the reporting date, the Company is not exposed to any significant foreign currency risk.

The following tables demonstrate the sensitivity to a reasonably possible change in EUR exchange rates, with all other variables held constant. The impact on the Company's profit is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	<i>Change in EUR rate</i>	<i>Effect on profit before zakat SR</i>
2025	+5%	(99,365)
	-5%	99,365
2024	+5%	(60,349)
	-5%	60,349

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33. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. To reduce exposure to credit risk, the Company has an approval process whereby credit limits are applied to its customers and counter parties. With respect to credit risk arising from the other financial assets of the Company, including cash at bank, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount as disclosed in the statement of financial position. The credit risk in respect of cash at bank is considered by management to be insignificant, as the balances are mainly held with reputable banks having sound credit ratings.

The Company manages credit risk with respect to amounts due from customers by monitoring it in accordance with established policies and procedures. The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. The Company is exposed to credit risk for financial instruments as follows:

	2025	2024
Gross installment sales receivables	61,516,418	47,333,977
Gross trade receivables	106,866,894	86,956,538
Other current assets	904,282	423,637
Cash at bank	9,674,407	24,211,580
	<u>178,962,001</u>	<u>158,925,732</u>

Trade and instalment sales receivables are carried net of expected credit losses. The Company assessed the concentration of risk with respect to these receivables and concluded it to be low. The receivables are shown net of allowance for impairment of trade and instalment sales receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Liquidity risk

Liquidity risk is the risk that an Company 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 that sufficient funds are available through committed credit facilities to meet any future commitments.

The Company's 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 stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For this purpose, assets are managed with liquidity in perspective, maintaining a healthy balance of cash and cash equivalents. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

2025	1 year or less	Above 1 year to 5 years	More than 5 years	Total
Non derivative financial liabilities				
Borrowings	27,046,820	-	-	27,046,820
Accrued and other liabilities	30,415,101	-	-	30,415,101
Lease liabilities	390,000	390,000	-	780,000
Trade payable	10,212,018	-	-	10,212,018
	<u>68,063,939</u>	<u>390,000</u>	<u>-</u>	<u>68,453,939</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

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33. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Liquidity risk (continued)

2024	<i>1 year or less</i>	<i>Above 1 year to 5 years</i>	<i>More than 5 years</i>	<i>Total</i>
<i>Non derivative financial liabilities</i>				
Accrued and other liabilities	34,947,401	-	-	34,947,401
Lease liabilities	1,142,905	1,134,395	-	2,277,300
Trade payable	4,541,334	-	-	4,541,334
	<u>40,631,640</u>	<u>1,134,395</u>	<u>-</u>	<u>41,766,035</u>

34. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued capital, and all other reserves attributable to the equity holder of the Company. The primary objective of the Company's capital management is to maximise the Shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to Shareholder or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade and other payables less cash and cash equivalents.

The capital gearing ratio is as follows:

	<i>2025 SR</i>	<i>2024 SR</i>
Bank borrowings	27,046,820	-
Total debt	27,046,820	-
Less: cash and cash equivalents	(9,743,740)	(24,211,580)
Net debt	17,303,080	-
Capital	70,000,000	70,000,000
Reserve	5,040,698	5,040,698
Retained earnings	104,144,344	83,788,650
Total Capital	179,185,042	158,829,348
Capital and net debt	196,488,122	158,829,348
Gearing ratio	8.81%	0.00%

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35. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. When measuring the fair value of an asset or liability, the Company uses observable market 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 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 liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 31 December 2025 and 31 December 2024, the fair values of the Company's financial instruments are estimated to approximate their carrying values. The receivables of the instalment sales are assessed according to the future cash flows and the future amounts are discounted to the present value using market-based observable inputs, including interest rate curves and credit spreads.

36. PRIOR YEAR ADJUSTMENT

Management has reassessed the classification of management incentive bonus and accordingly prior year management incentive amount of SR 5.7 million has been reclassified from selling and marketing expense to general and administrative expense. As a result of such reclassification, there is no impact on the statement of financial position, statement of changes in equity and statement of cashflows.

Reclassification in the statement of profit or loss and other comprehensive income for the year ended 31 December 2024 is summarised below:

	<i>As previously reported</i>	<i>Impact of reclassification</i>	<i>As currently reported</i>
Selling and marketing expense	41,310,805	(5,763,854)	35,546,951
General and administrative expense	17,414,311	5,763,854	23,178,165

37. EVENTS AFTER THE REPORTING PERIOD

The Board of directors of the Company in their meeting held on 31 March 2026, approved the distribution of dividend at SR 2 per share, amounting to SR 14 million. The financial statements for the year ended 31 December 2025, do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 31 December 2026.

Subsequent to the reporting date, geopolitical tensions in parts of the Middle East have increased. Public communications from government and regulatory authorities have continued to emphasize the resilience of the economy and the continuation of business operations across key sectors, supported by established business continuity and risk management frameworks.

These developments arose after the reporting period and have therefore been assessed as non-adjusting events in accordance with IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the financial statements as at 31 December 2025, which reflect conditions existing at that date.

The Company has assessed the potential implications of these events on its operations, financial position and performance. Based on information currently available, including the continuation of core business activities, it is not practicable to reliably estimate the full financial effect of these non-adjusting events on future periods.

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37. EVENTS AFTER THE REPORTING PERIOD (continued)

Management has also considered the impact of these events on the Company's ability to continue as a going concern and has concluded that the going concern basis of preparation remains appropriate.

Except for these, there have been no significant subsequent events since the year end up to and including the date of the approval of these financial statements by the Board of Directors that would require disclosures or adjustments in these financial statements.

38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Company's Board of Directors on 12 Shawwal 1447H (corresponding to 31 March 2026).