

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2025

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Joint Stock Company)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2025

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)**

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Opinion

We have audited the financial statements of Naba Al Saha Medical Services Company, a Saudi joint stock company ("the Company"), which comprise the statement of financial position as at 31 December 2025, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued 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 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 that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

The key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on that matter. The following describes the key audit matter and how it was addressed:



**INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF
NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

Key Audit Matter (continued)

Key Audit Matter	How our audit addressed the key audit matter
Revenue recognition	
<p>During the year ended 31 December 2025, the Company recognized revenue of approximately ₪ 201.8 million.</p> <p>The Company recognizes revenue upon performance of medical and trading services and is measured at the fair value of the consideration received or receivable.</p> <p>Revenue recognition is considered as a key audit matter as there is a risk that revenue may be misstated due to management's override of controls and judgements involved in estimating the related medical claims rejections rates by medical insurance companies.</p> <p>We have considered this matter as a key audit matter because the estimation of the medical claims rejections amounts requires a number of judgments and assumptions related to future medical claims and other related assumptions.</p> <p>Refer the relevant accounting policy to the financial statements for the accounting policy related to revenue recognition and for accounting estimates and assumptions used in the revenue recognition.</p>	<p>The audit procedures we performed, among others, include the following:</p> <ul style="list-style-type: none"> ➤ Assessed the appropriateness of the Company's accounting policies related to revenue recognition and evaluating the extent of compliance of those policies with International Financial Reporting Standard No. (15) "revenue from contracts with customers" that is endorsed in the Kingdom of Saudi Arabia. ➤ Discussed the overall policies and procedures and assessed the design of the Company's internal controls over the recognition of revenue. ➤ Assessed the appropriateness of significant accounting judgements, estimates and assumptions made by the management to determine the variable consideration. We also performed a retrospective review of actual claims settled to the original gross claims on a sample basis. ➤ Assessed the design of the process established by the Company in relation to the estimates of rejection rates and tested key inputs of the estimate on a sample basis. ➤ Performed tests (on a sample basis) of settlements, claims and collections made with major clients of the Company. ➤ Performed test of details and substantive analytical procedures to ensure that revenues have been accurately recorded and at the correct price and period. ➤ Conducted a cut-off test on the timing of revenue recognition from contracts with customers to ensure it has been recognized in the correct accounting period. ➤ Considered the adequacy of the related disclosures in the Company's financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

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Other information

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

In connection with our audit of the 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of 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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's by-law, and for such internal controls as management determines is necessary to enable the preparation of the 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 (the Board of Directors) are responsible for overseeing the Company's financial reporting process.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

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Auditor 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 of Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect 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 of Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 omission, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management use of the going concern basis of accounting and based on the audit evidence obtained, whether 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 conclusion is based on the audit evidence obtained up to 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 to the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
NABA AL SAHA MEDICAL SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY) (continued)**

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

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 the 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 appropriate, we inform them of actions taken to eliminate threats or preventative measures in place.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and, accordingly, they are the key audit matters. We describe these matters in our 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 communicating it reasonably outweigh the public interest in doing so.

For Maham Company for Professional Services



Abdulaziz Saud Al Shabeebi
Certified Public Accountant
License no. (339)

Date: 9 Shawal 1447H
28 March 2026



NABA AL SAHA MEDICAL SERVICES COMPANY
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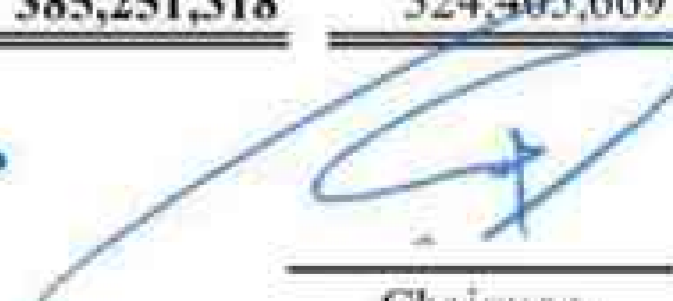
STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025 #	2024 #
ASSETS	<i>Notes</i>		
NON CURRENT ASSETS			
Property and equipment	7	236,028,437	168,474,962
Intangible assets	8	3,691,149	3,394,773
Right-of-use asset	9	2,323,215	3,985,541
Investments	10	4,482,616	1,858,577
TOTAL NON CURRENT ASSETS		<u>246,525,417</u>	<u>177,713,853</u>
CURRENT ASSETS			
Inventories	11	8,486,550	9,209,722
Accounts receivable	12	104,526,648	87,718,180
Prepayments and other debit balances	13	6,549,578	6,199,342
Amounts due from related parties	15	172,920	783,549
Cash and cash equivalents	14	18,990,205	42,781,023
TOTAL CURRENT ASSETS		<u>138,725,901</u>	<u>146,691,816</u>
TOTAL ASSETS		<u>385,251,318</u>	<u>324,405,669</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	16	105,000,000	105,000,000
Reserve	17	12,862,669	12,862,669
Other reserves		(1,935,632)	(753,949)
Retained earnings		106,931,524	82,553,089
TOTAL SHAREHOLDERS' EQUITY		<u>222,858,561</u>	<u>199,661,809</u>
NON CURRENT LIABILITIES			
Lease liability	9	237,309	2,396,516
Long term loans	19	120,800,000	84,177,386
Employees defined benefits obligations	20	19,197,559	16,010,579
TOTAL NON CURRENT LIABILITIES		<u>140,234,868</u>	<u>102,584,481</u>
CURRENT LIABILITIES			
Lease liability - current portion	9	1,772,687	1,820,040
Long term loans - current portion	19	-	780,000
Accounts payable		8,040,741	7,543,367
Accrued expenses and other credit balances	21	8,201,371	8,124,704
Amounts due to a related party	15	93,660	-
Zakat provision	22	4,049,430	3,891,268
TOTAL CURRENT LIABILITIES		<u>22,157,889</u>	<u>22,159,379</u>
TOTAL LIABILITIES		<u>162,392,757</u>	<u>124,743,860</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>385,251,318</u>	<u>324,405,669</u>


Finance Manager


Chief Executive Officer


Chairman

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

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

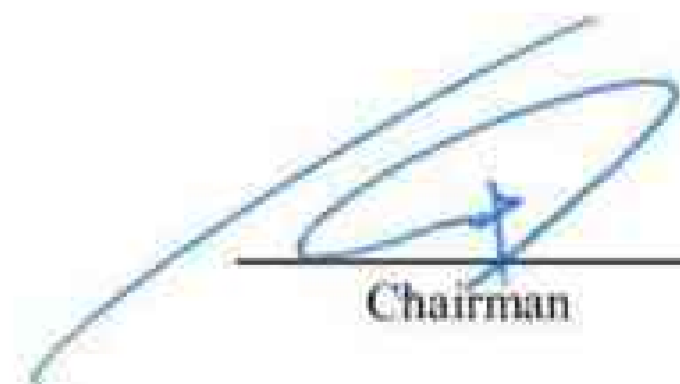
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 #	2024 #
Revenue, net	23	201,813,402	194,282,113
Costs of revenue	24	(135,628,448)	(131,917,476)
GROSS PROFIT		66,184,954	62,364,637
General and administrative expenses	25	(35,384,180)	(37,841,667)
PROFIT FROM MAIN OPERATIONS		30,800,774	24,522,970
Finance costs	26	(936,029)	(808,165)
Share in results of investment in an associate	10.1	(671,530)	(1,495,512)
Fair value gain on investment in mutual funds	10.2	-	367,798
Fair value loss on investment in quoted shares	10.3	(186,198)	-
Finance income	14	1,033,300	729,147
Other income, net		597,254	1,741,488
PROFIT BEFORE ZAKAT		30,637,571	25,057,726
Zakat	22	(3,109,136)	(3,273,556)
NET PROFIT FOR THE YEAR		27,528,435	21,784,170
OTHER COMPREHENSIVE LOSS			
<i>Other comprehensive loss not to be reclassified to income in subsequent periods:</i>			
Actuarial loss on employees' defined benefits obligations	20	(1,181,683)	(2,216,648)
TOTAL COMPREHENSIVE INCOME		26,346,752	19,567,522
EARNINGS PER SHARE			
Basic and diluted earnings per share from profit before zakat for the year attributable to shareholders of the Company	28	2.92	2.39
Basic and diluted earnings per share from net profit for the year attributable to shareholders of the Company	28	2.62	2.07


Finance Manager


Chief Executive Officer


Chairman

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NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Joint Stock Company)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2025

	<i>Share capital</i> #	<i>Reserve</i> #	<i>Other reserves</i> #	<i>Retained earnings</i> #	<i>Total</i> #
As at 1 January 2024	105,000,000	12,862,669	1,462,699	60,768,919	180,094,287
Net profit for the year	-	-	-	21,784,170	21,784,170
Other comprehensive loss	-	-	(2,216,648)	-	(2,216,648)
Total comprehensive income for the year	-	-	(2,216,648)	21,784,170	19,567,522
As at 31 December 2024	105,000,000	12,862,669	(753,949)	82,553,089	199,661,809
As at 1 January 2025	105,000,000	12,862,669	(753,949)	82,553,089	199,661,809
Net profit for the year	-	-	-	27,528,435	27,528,435
Other comprehensive loss	-	-	(1,181,683)	-	(1,181,683)
Total comprehensive income for the year	-	-	(1,181,683)	27,528,435	26,346,752
Dividends	-	-	-	(3,150,000)	(3,150,000)
As at 31 December 2025	105,000,000	12,862,669	(1,935,632)	106,931,524	222,858,561


Finance Manager


Chief Executive Officer

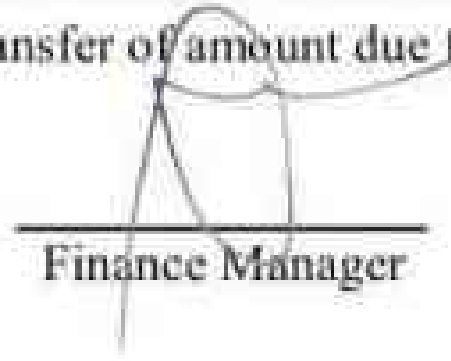

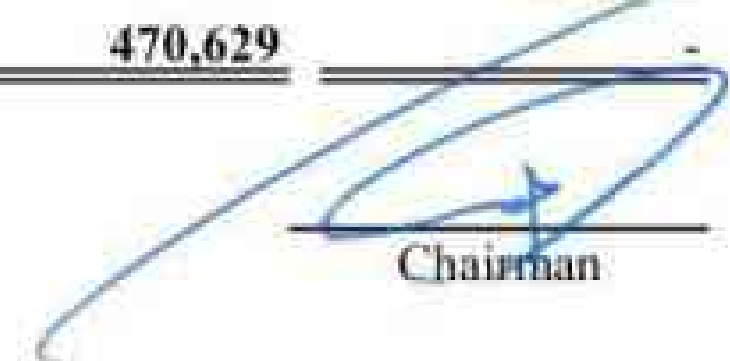

Chairman

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

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025	2024
	S	S
OPERATING ACTIVITIES		
Profit before zakat	30,637,571	25,057,726
<i>Non-cash adjustments to reconcile profit before zakat to net cash flows from operating activities</i>		
Depreciation of property and equipment	9,775,395	9,095,151
Depreciation of right-of-use assets	1,662,326	1,620,200
Amortization of intangible assets	331,390	279,200
Fair value gain on investment in mutual funds	-	(367,798)
Fair value loss on investment in quoted shares	186,198	-
Allowance for expected credit losses	-	2,675,000
Discount received on a lease payment	-	(195,000)
Share in results of investment in an associate	671,530	1,495,512
Current service cost of employees defined benefits obligation	3,078,878	2,325,634
Finance costs	936,029	808,165
	<u>47,279,317</u>	<u>42,793,790</u>
<i>Working capital adjustments:</i>		
Inventories	723,172	770,228
Accounts receivable	(16,808,468)	16,545,868
Prepayments and other debit balances	(350,236)	(2,578,071)
Amounts due from related parties	140,000	(418,517)
Amounts due to related parties	93,660	-
Accounts payable	497,374	(14,440,935)
Accrued expenses and other credit balances	76,667	(2,452,949)
Cash from operations	<u>31,651,486</u>	<u>40,219,414</u>
Zakat paid	(2,950,974)	(2,485,485)
Employees' defined benefits paid	(1,906,725)	(2,097,468)
Net cash flows from operating activities	<u>26,793,787</u>	<u>35,636,461</u>
INVESTING ACTIVITIES		
Additions of property and equipment	(77,328,870)	(38,389,139)
Additions of intangible assets	(627,766)	(421,207)
Investment in associate	(2,111,198)	-
Investment in quoted shares	(899,940)	-
Net cash flows used in investing activities	<u>(80,967,774)</u>	<u>(38,810,346)</u>
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	35,842,614	61,740,719
Repayment of long-term borrowings	-	(19,846,520)
Payment of lease liability	(2,309,445)	(1,684,836)
Dividends paid	(3,150,000)	-
Net cash flows from financing activities	<u>30,383,169</u>	<u>40,209,363</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>(23,790,818)</u>	<u>37,035,478</u>
Cash and cash equivalents at the beginning of the year	<u>42,781,023</u>	<u>5,745,545</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>18,990,205</u>	<u>42,781,023</u>
NON-CASH TRANSACTIONS		
Modification of lease liabilities against right-of-use assets	-	777,848
Transfer of amount due from a related party to investment in an associate	<u>470,629</u>	<u>-</u>
		
Finance Manager	Chief Executive Officer	Chairman

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

NABA AL SAHA MEDICAL SERVICES COMPANY

(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2025

1 ACTIVITIES

Naba Al Saha Medical Services Company is a Saudi joint stock company ("the Company") registered under Commercial Registration (CR) number 2051065568 issued on 6 Jumada Al-Awal 1439 H (corresponding to 23 January 2018). The Company's registered address is in Khobar, Kingdom of Saudi Arabia. The Company is listed in Saudi secondary market (Nomu).

The Company has the following branches:

<i>Branch name</i>	<i>CR Number</i>	<i>Date</i>	<i>Location</i>
Al Zahra General Hospital	2053016544	28/10/1426	Al Qatif
Naba Al Saha Pharmacy	2053017825	09/05/1428	Al Qatif
Naba Al Saha Medical Services Company	2053034205	19/05/1438	Al Qatif
Naba Al Saha Architectural Contracting Company	2051239670	21/06/1443	Al Khobar
Naba Al Saha Pharmacy for Medical Services	2062619947	06/02/1445	Saihat
Al Anwar Medical Services	3350168962	04/06/1445	Hail
Al Anwar Medical Hospital	3350006074	17/12/1407	Hail

The Company is operating two general hospitals in the cities of Qatif and Hail in Saudi Arabia under Ministry of Health licenses numbers 3810101001200083 and 6500101001200101, respectively.

On 27 Jumada II 1446H (corresponding to 28 December 2024), the Board of Directors recommended to the Extraordinary General Assembly the merger of the subsidiary, Al Anwar Medical Services Company, into the Company. The shareholders approved this transaction at the Extraordinary General Assembly meeting held on 10 March 2025 and the legal formalities were completed during the year. Consequently, the subsidiary has been converted into a branch of the Company and therefore consolidated financial statements have not been prepared.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on a historical cost convention. Except for employees' defined benefits obligations, that has been measured at the present value of the expected benefits obligation and investment in mutual funds and investments in quoted shares which have been measured at fair value.

2.3 Presentation and functional currency

The financial statements are presented in Saudi Riyals R , which is also the functional currency of the Company.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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 expects to realize the asset, or intends to sell or consume it, in the entity's normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realize the asset within twelve months after the reporting date; or
- the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

The Company shall classify all other assets as non-current. When the Company normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months.

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.1 Current versus non-current classification (continued)

The Company shall classify a liability as current when:

- a) it expects to settle the liability in the entity's normal operating cycle;
- b) it holds the liability primarily for the purpose of trading;
- c) the liability is due to be settled within twelve months after the reporting date; or
- d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date.

The Company shall classify all other liabilities as non-current.

3.2 Business combinations and goodwill

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

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

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

3.3 Fair value measurement

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

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

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

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

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

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

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.3 Fair value measurement (continued)

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

3.4 Foreign currencies

Foreign currency transactions Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the financial period are translated into Saudi Riyals using the exchange rates prevailing at that date.

3.5 Property and equipment

Property and equipment is recognised initially at cost. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of property and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of profit or loss during the period in which they are incurred.

After initial recognition property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

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

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

Buildings	20 years
Medical equipment	5-10 years
Furniture, fixtures and equipment	5-10 years
Fire and safety equipment	5-10 years
Vehicles	4 years

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.6 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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognizes 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 recognized, 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:

Buildings	5-6 years
Land	5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects 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. Refer to the accounting policies in section Impairment of non-financial assets.

ii) Lease liabilities

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because 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.

iii) Short-term leases and leases of low-value assets

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

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.7 Impairment of non-financial assets other than inventory

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-zakat discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The Company impairment calculation is based on the detailed budget and forecast calculations which are prepared separately for each of the Company CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a five-year period. For longer periods, a long-term growth rate is calculated and applied to projected future cashflows after the budget period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income.

3.8 Inventories

Inventory are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average method. The cost of inventories comprises purchase price, shipping cost, direct labour and other direct costs. At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in statement of profit or loss.

3.9 Cash and cash equivalents

Cash and cash equivalents includes cash deposited with local banks, cash on hand and time deposits.

3.10 Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that a transfer of economic benefits will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.11 Financial instruments – initial recognition, subsequent measurement and derecognition

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

Financial assets

Initial recognition and measurement

Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVPL), transaction costs that are attributable to the acquisition of the financial asset.

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.11 Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

Financial assets (continued)

Subsequent measurement

Financial assets are subsequently measured at FVPL, amortized cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Financial assets at amortized cost

This category is the most relevant to the Company. The Company measures financial assets at amortized cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the bank balances, amounts due from related parties and accounts receivable.

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 recognised 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 quoted 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.

Derecognition

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

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.11 Financial instruments – initial recognition, subsequent measurement and derecognition (continued)

Financial assets (continued)

Impairment of financial assets

For amounts due from related parties and account receivable, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payment are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, payables, 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 accounts payable and other current liabilities, employees' defined benefits liabilities, lease liabilities and loans.

Subsequent measurement

The financial liabilities are subsequently measured at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, 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 comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.12 Employee benefits obligation

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and tickets, bonuses, and non-monetary benefits such as medical care), are recognized in respect of employees' services up to the end of the reporting period and are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Employee benefits obligation

The Company's employee benefits obligations are accounted for as an unfunded defined benefits plan. The liability recognized in the statement of financial position in respect of the defined end-of service benefits plan is the present value of the employee benefits obligation at the reporting date and is measured using the projected unit credit method.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services/goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns and discounts.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies the performance obligations as specified in the contract with the customer, wherever applicable, by transferring and when it transfers control over the promised service to the customer.

A five-step approach to revenue recognition is applied:

1. Identify the contract(s) with the customer
2. Identify the performance obligations in each contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations
5. Recognize revenue (or as) the entity satisfies a performance obligation

Variable consideration - estimation of medical rejections

The Company's normal business process with insurers involves the potential for disallowed claims, which are claims that are not paid by the insurer due to various technical or medical reasons. Disallowances of rejected claims are a common practice among insurers in Saudi Arabia. As a result, the Company anticipates receiving less consideration than originally invoiced for these claims.

These disallowances represent variable consideration under IFRS 15, which means that the amount of revenue to be recognized is uncertain. Revenue from variable consideration is only recognized to the extent that it is highly probable that a reversal of revenue will not occur. In other words, the Company must have a high degree of confidence that the insurer will not reject the claim in the future.

The Company assesses the likelihood of claim disallowances on a continuous basis and adjusts its revenue recognition accordingly. This ensures that the Company's financial statements reflect a fair and accurate representation of its revenue-generating activities.

Specific accounting policies for applicable revenue streams are as follows:

i) Medical services:

Hospital services provided to patients are considered a single performance obligation under IFRS 15 as they represent a bundle of services that cannot be separated or performed independently. Revenue from these services is recognized during the period in which they are provided based on the amounts due from patients and/or insurance entities. Fees are calculated and billed based on various agreements with these entities. Revenue from in-patient services is recognized over time, reflecting the ongoing nature of the patient's stay, while revenue from outpatient services is recognized at a point in time, as the service is complete upon discharge. Retrospective volume rebates granted to certain customers based on attainment of specified patient visit levels are considered variable consideration under IFRS 15 and are provided for over the course of the arrangement based on estimates of the expected level of business. These rebates are adjusted against revenue at the end of the arrangement to reflect actual volumes.

ii) Pharmaceuticals:

Revenue from the sale of pharmaceuticals, encompassing medicine, medical supplies, and medical equipment, is recognized upon physical delivery of these products to patients and the transfer of complete control to them. Any applicable discounts or rebates, as well as anticipated medical rejections by insurance companies, are deducted from the sales value at the time of pharmaceutical delivery to patients. Revenue from pharmaceutical sales is recorded as a single transaction at the point of delivery.

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

3.14 Expenses

Expenses related to operations are allocated on a consistent basis to cost of revenue. General and administration expenses include direct and indirect costs not specifically part of cost of revenue and finance charges (if any). Allocations between expenses is made on consistent basis.

3.15 Zakat and tax

Zakat

The Company is subject to zakat in accordance with the regulations of the Zakat, Tax and Customs Authority ("ZATCA"). A provision for zakat for the Company is charged to the statement of comprehensive income. Differences, if any, at the finalization of assessments are accounted for when such amounts are determined in accordance with the requirements of IAS 8 of IFRSs.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax, except:

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Receivables and payables are stated with the amount of value added tax included.

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

3.16 Related Parties

An entity is considered related to the Company if the Company has the ability, directly or indirectly, to control the entity or has a significant influence on the entity in making financial operating decisions or vice versa, or where the Company and the entity are subject to joint control or significant influence. Related parties also include the Company's senior management directors and major shareholders.

3.17 Dividends

Dividends are recognized as a liability when duly approved: final dividends upon shareholder approval at the General Assembly, and interim dividends upon Board approval in accordance with the Company's bylaws and applicable regulations.

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

As per below, several amendments and interpretations apply for the first time in 2025, but do not have an impact on the financial statements of the Company:

- *Amendments to IAS 21 – Lack of exchangeability*

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Below is a summary of the new standards and amendments applicable for annual periods beginning on or after 1 January 2026, with early adoption permitted; however, the Company has not early adopted them in preparing these financial statements. The Company is currently assessing the impact of applying these standards on the financial statements.

- *Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments (Effective 1 January 2026)*
- *Annual Improvements to IFRS Accounting Standards – Volume 11 (Effective 1 January 2026)*
- *Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-Dependent Electricity (Effective 1 January 2026)*
- *IFRS 18, 'Presentation and Disclosure in Financial Statements' (Effective 1 January 2027)*
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures (Effective 1 January 2027)*
- *Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between investor and its associate or joint venture (No effective date yet decided)*

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

6 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including future expectations.

6.1 Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

6.1.1 Impairment of non-financial assets

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 for disposing off the asset. The value in use calculation is based on a Discounted Cash Flow ("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 asset's performance of the Cash Generating Unit ("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.

6.1.2 Revenue recognition - estimating variable consideration for medical rejections

The management estimates variable considerations to be included in the transaction price of services provided. The expected medical rejections are estimated against the services provided to customers based on the historical rate of rejections and ongoing discussions with such customers. The latest percentages of rejections are applied to determine the expected value of the variable consideration. The management updates its assessment of expected medical rejection rates as and when the medical rejection rates are received and agreed, and the provision for medical rejection is adjusted accordingly. Estimates for medical rejections are sensitive to changes in circumstances and the Company's past experience regarding medical rejections. The estimated medical rejections recorded may not be representative of medical rejections in the future.

6.1.3 Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgements and estimates of the outcome of future events.

6.1.4 Zakat liabilities and open zakat and tax positions for years not yet agreed with ZATCA

The zakat provision presented in the statement of financial position represents the management best estimate for the outstanding obligation for the years which have not yet been agreed with ZATCA. The zakat base has been calculated based in the management understanding of the zakat and tax regulations that are applied in the Kingdom of Saudi Arabia.

The zakat and tax regulations in Saudi Arabia are subject to different interpretations and the assessments that might be raised by ZATCA may differ from the declarations filed by the Company.

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

6 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

6.1.5 Allowance for expected credit losses

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

6.1.6 Estimated useful lives of property and equipment

The Company's management determines the estimated useful lives of its machinery and equipment for calculating depreciation on a straight-line basis over their estimated economic useful lives. This estimate is determined after considering the expected usage of the asset or physical wear and tear.

Management reviews the useful lives and residual value of the assets at least once per year and always at the end of each financial year and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

6.1.7 Employees' defined benefits obligation

The present value of the employees defined benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) the end of service include the discount rate. Any changes in these assumptions will impact the carrying amount of employees defined benefits.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the obligations.

6.2 Significant assumptions used

6.2.1 Determining the lease term of contracts with renewal and termination options

Management of 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.

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

6.2.2 Fair value of investment in mutual fund

The determination of the fair value of investments in mutual funds requires the use of judgment, particularly when the final valuation information is not available as at the reporting date.

In such cases, the Company relies on the latest available NAV, interim reports from the fund manager, and observable market data, where applicable. Management exercises judgment in assessing whether any adjustments are required to reflect conditions existing at the reporting date.

Due to the timing of the final valuation process, the reported fair value represents management's best estimate at the reporting date. While management does not expect any material changes, actual results could differ upon receipt of final valuation statements.

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

7 PROPERTY AND EQUIPMENT

	<i>Land</i>	<i>Buildings</i>	<i>Medical equipment</i>	<i>Furniture, fixtures and equipment</i>	<i>Fire and safety equipment</i>	<i>Vehicles</i>	<i>Capital work-in-progress</i>	<i>Total</i>
	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ	ﷲ
<i>Cost:</i>								
At 1 January 2024	54,819,127	52,933,219	64,411,575	21,657,980	3,798,861	4,761,268	39,062,129	241,444,159
Additions	924,519	997,500	5,705,572	1,069,751	-	1,366,134	28,325,663	38,389,139
Transfers	-	515,526	-	-	-	-	(515,526)	-
At 31 December 2024	55,743,646	54,446,245	70,117,147	22,727,731	3,798,861	6,127,402	66,872,266	279,833,298
Additions	7,310,019	-	5,334,686	934,791	126,515	403,355	63,219,504	77,328,870
Transfers	-	2,504,825	-	-	-	-	(2,504,825)	-
At 31 December 2025	63,053,665	56,951,070	75,451,833	23,662,522	3,925,376	6,530,757	127,586,945	357,162,168
<i>Accumulated depreciation:</i>								
At 1 January 2024	-	32,908,856	45,075,217	17,455,556	3,328,712	3,494,844	-	102,263,185
Charge for the year	-	2,271,191	4,593,057	1,642,821	142,837	445,245	-	9,095,151
At 31 December 2024	-	35,180,047	49,668,274	19,098,377	3,471,549	3,940,089	-	111,358,336
Charge for the year	-	2,887,296	4,983,678	1,108,864	135,819	659,738	-	9,775,395
At 31 December 2025	-	38,067,343	54,651,952	20,207,241	3,607,368	4,599,827	-	121,133,731
<i>Net book amounts:</i>								
At 31 December 2025	63,053,665	18,883,727	20,799,881	3,455,281	318,008	1,930,930	127,586,945	236,028,437
At 31 December 2024	55,743,646	19,266,198	20,448,873	3,629,354	327,312	2,187,313	66,872,266	168,474,962

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

7 PROPERTY AND EQUIPMENT (continued)

- 7.1 Capital work-in-progress mainly represents cost incurred for the construction of a new health care facility in Riyadh that is expected to be completed during the fourth quarter of 2026.
- 7.2 The Company has capitalized finance costs directly attributable to the project amounting to ₪ 6.58 million (2024: ₪ 3.16 million).
- 7.3 The depreciation charge for the years ended 31 December 2025 and 31 December 2024 have been charged to cost of revenue.
- 7.4 Properties with net book value of ₪ 35.2 million are mortgaged as security for commercial bank loans (2024: properties with net book value of ₪ 35.2 million).

8 INTANGIBLE ASSETS

	Note	2025	2024
		₪	₪
Software	8.1	1,422,583	1,126,207
Goodwill	8.2	2,268,566	2,268,566
		<u>3,691,149</u>	<u>3,394,773</u>
8.1 Software		2025	2024
		₪	₪
<i>Cost:</i>			
At the beginning of the year		2,428,409	2,007,202
Additions		627,766	421,207
At the end of the year		<u>3,056,175</u>	<u>2,428,409</u>
<i>Accumulated amortization:</i>			
At the beginning of the year		1,302,202	1,023,002
Charge for the year		331,390	279,200
At the end of the year		<u>1,633,592</u>	<u>1,302,202</u>
<i>Net book amount as at the end of the year</i>		<u>1,422,583</u>	<u>1,126,207</u>

The amortization charge for the years ended 31 December 2025 and 31 December 2024 have been fully charged to cost of revenue.

8.2 Goodwill

In 2017, the Company acquired 100% shares of Manarat Al Haramain Pharmacy (the Pharmacy) for a net consideration of ₪ 7 million. Under the shares Sale Purchase Agreement (the Agreement), all parties have agreed to transfer all rights and obligations associated with the former owner to the Company on 01 January 2017, as the date on which effective control of the Pharmacy was transferred to the Company i.e. the acquisition date. This acquisition resulted in a goodwill amounting to ₪ 2.26 million which represented the excess of the consideration paid over the fair value of the net assets of the Pharmacy at the acquisition date. The Company registered the Pharmacy as a branch of the Company. The Company performed its annual impairment test and compared the carrying value to their estimated recoverable amount based on appropriate method. The results of impairment test at 31 December 2025 indicated no impairment loss.

The recoverable amount of the Pharmacy is determined based on value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the increased demand for services. The discount rate applied to the cash flow projections is 12.04% (2024: 13.27%). The long-term growth rate used to extrapolate the cash flows of the unit beyond the five-year period is 1% (2024: 1%). As a result of the analysis, the estimated recoverable amount exceeded its carrying amount by approximately ₪ 12.7 million (2024: ₪ 19.8 million) and management did not identify an impairment for this CGU.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

9 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Company has lease contracts for the employee housing and a land used in its operations. Leases of such premises generally have lease terms of 5-6 years.

	<i>Right-of-use assets</i>	<i>Lease liability</i>
	S	S
At 1 January 2024	4,827,893	5,129,241
Modification of a lease	777,848	777,848
Depreciation	(1,620,200)	-
Accretion of interest	-	189,303
Payments	-	(1,684,836)
Discount received on a lease payment	-	(195,000)
At 31 December 2024	<u>3,985,541</u>	<u>4,216,556</u>
Depreciation	<u>(1,662,326)</u>	-
Accretion of interest	-	102,885
Payments	-	(2,309,445)
At 31 December 2025	<u>2,323,215</u>	<u>2,009,996</u>

The depreciation charge for right-of-use assets for the years ended 31 December 2025 and 31 December 2024 have been fully allocated to cost of revenue.

The Company also has certain leases with lease terms of 12 months or with low value. The Company applies the "short-term lease" and "lease of low-value assets" recognition exemptions of these leases.

Lease liabilities are allocated into current and non-current, based on the maturity of the lease agreements, as follows:

	<i>2025</i>	<i>2024</i>
	S	S
Non-current liabilities	237,309	2,396,516
Current liabilities	<u>1,772,687</u>	<u>1,820,040</u>
	<u>2,009,996</u>	<u>4,216,556</u>

10 INVESTMENTS

	Note	<i>2025</i>	<i>2024</i>
		S	S
Investment in an associate	10.1	2,401,076	490,779
Investment in a mutual fund	10.2	1,367,798	1,367,798
Investment in quoted shares	10.3	713,742	-
		<u>4,482,616</u>	<u>1,858,577</u>

10.1 Investment in an associate

During 2022, the Company acquired 20% of shares of Eyadat Holdings Company (Eyadat), a company incorporated in the Kingdom of Bahrain, at a consideration of S 2.83 million. Eyadat operates a "day surgery health care centre".

Movement in investment in an associate is as follows:

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

10 INVESTMENTS (continued)

10.1 Investment in an associate (continued)

	2025	2024
	S	S
At the beginning of the year	490,779	1,986,291
Share of loss during the year	(371,530)	(1,050,907)
Adjustment related to prior years	-	(444,605)
Additions	2,581,827	-
Provision provided during the year	(300,000)	-
At the end of the year	<u>2,401,076</u>	<u>490,779</u>

The Company's share of results of its associate has been determined based on the associate's management accounts for the period ended 30 September 2025. Adjustments have been made by management to reflect the expected results for the remaining period up to the reporting date. Management does not expect the final audited financial statements of the associate to result in a material variance from the amounts recognised in these financial statements. The financial information of the associate was as follows:

	2025	2024
	S	S
Revenue	6,974,640	4,490,100
Net loss	(2,052,075)	(5,282,300)
Total assets	11,727,830	13,746,430
Net assets	8,709,320	3,199,490

10.2 Investments in mutual funds

During 2023, the Company invested S 1,000,000 in a Shari'ah compliant closed equity private fund regulated by the Capital Market Authority of Saudi Arabia. The investment in a mutual fund is classified at fair value through profit or loss (FVPL). As at the reporting date, the fair value has been determined based on the latest available information from the fund manager. The final valuation for the period is expected to be completed after the issuance of these financial statements. Management does not expect the final valuation to result in a material adjustment to the carrying amount of the investment. Accordingly, no adjustment has been recorded for any potential changes in fair value.

	2025	2024
	S	S
At 1 January	1,367,798	1,000,000
Gain on fair value	-	367,798
At 31 December	<u>1,367,798</u>	<u>1,367,798</u>

10.3 Investment in quoted shares

The Company has investments in quoted shares listed in Saudi Stock Exchange. Movement in investment in quoted shares is as follows:

	2025	2024
	S	S
Additions	899,940	-
Change in fair value	(186,198)	-
At 31 December	<u>713,742</u>	<u>-</u>

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

11 INVENTORIES

	2025	2024
	S	S
Medicines	5,745,352	6,084,866
Consumables	2,741,198	3,124,856
	<u>8,486,550</u>	<u>9,209,722</u>

The Company hasn't provided any provision for obsolete and slow-moving inventory for the year ended 31 December 2025 (2024: same), as inventory turnover was high; therefore, the inventory was not exposed to any significant risk of impairment.

12 ACCOUNTS RECEIVABLE

	2025	2024
	S	S
Accounts receivable	108,273,182	91,464,714
Less: allowance for expected credit losses	(3,746,534)	(3,746,534)
	<u>104,526,648</u>	<u>87,718,180</u>

Movement in allowance for expected credit losses is as follows:

	2025	2024
	S	S
As at 1 January	3,746,534	1,071,534
Allowance provided during the year	-	2,675,000
As at 31 December	<u>3,746,534</u>	<u>3,746,534</u>

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

	Total	Less than 180 days	181-365 days	Greater than one year
	S	S	S	S
31 December 2025	<u>108,273,182</u>	<u>80,537,131</u>	<u>19,791,874</u>	<u>7,944,177</u>
31 December 2024	<u>91,464,714</u>	<u>82,970,183</u>	<u>3,889,589</u>	<u>4,604,942</u>

The Company's credit terms require receivables to be repaid within 90 days of the claim date depending on the type of customer, which is in line with healthcare industry. It is not the practice of the Company to obtain collateral over receivables and therefore are unsecured. No interest is charged on outstanding balance. As at 31 December 2025, approximately 45% and 52% of the Company's accounts receivable balance were due from various governmental and insurance entities, respectively (31 December 2024: 39% and 59%, respectively) which are considered to have a high credit rating.

13 PREPAYMENTS AND OTHER DEBIT BALANCES

	2025	2024
	S	S
Advances to suppliers	4,729,058	4,284,665
Prepaid expenses	1,472,606	1,256,279
Staff advances	288,370	248,164
Accrued interest income	59,544	124,817
Other debit balances	-	285,417
	<u>6,549,578</u>	<u>6,199,342</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

14 CASH AND CASH EQUIVALENTS

	2025	2024
	S	S
Time deposits	14,000,000	40,000,000
Cash at banks	4,296,052	2,391,920
Cash on hand	694,153	389,103
	<u>18,990,205</u>	<u>42,781,023</u>

Cash in bank is held with Saudi local banks and are denominated in Saudi Riyals. Short term deposits earn interest income at an average rate of 5.25% and are renewed on average period of 40 days (2024: earn interest at an average rate of 5.5% and are renewed on average period of 36 days).

15 RELATED PARTY TRANSACTIONS AND BALANCES

Following is the list of related parties of the Company:

<u>Name</u>	<u>Relationship</u>
Nayef bin Mohammed Hassan bin Abdulla Al-Jishi	Shareholder
Nathir bin Mohammed Hassan bin Abdulla Al-Jishi	Shareholder
Lesley Mohammed Hassan bin Abdulla Al-Jishi	Shareholder
Al-Raja Advanced Investment Group	Shareholder
Mohammed Hassan bin Abdulla Al-Jishi	Shareholder
Fatimah Mohammed Hassan bin Abdulla Al-Jishi	Shareholder
Al-Raja Advanced Real Estate Establishment	Affiliate
Eyadat Holdings Company	Associate

a) The significant transactions with related parties and their amounts are as follows:

	2025	2024
	S	S
Commissions and bonus paid	599,065	1,440,512
Rent paid	1,435,236	1,435,236
Fund transfer	-	470,629

The pricing policies and terms of payment of transactions with the related parties are approved by the Company's management in accordance with the approved policy. The outstanding balances at the year end are unsecured, interest-free and settlement occurs in cash.

b) Amounts due from related parties presented under current assets in the statement of financial position consist of the following:

	2025	2024
	S	S
Al-Raja Advanced Real Estate Establishment	172,920	312,920
Eyadat Holdings Company	-	470,629
	<u>172,920</u>	<u>783,549</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

15 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c) Amounts due to a related party presented under current liabilities in the statement of financial position consist of the following:

	2025	2024
	S	S
Mohammed Hassan bin Abdulla Al-Jishi	<u>93,660</u>	<u>-</u>

d) Compensation of key management personnel are as follows:

	2025	2024
	S	S
Salaries and benefits - Executive Board of Directors	2,100,000	3,540,512
Salaries and benefits - other key management personnel	<u>1,339,200</u>	<u>1,082,873</u>
	<u>3,439,200</u>	<u>4,623,385</u>

16 CAPITAL

The Company's paid-up share capital comprise of 10,500,000 ordinary shares of S 10 each (2024: 10,500,000 shares of S 10 each).

On 12 August 2025, the Board of Directors resolved to recommend to the Extraordinary General Assembly a capital increase from S 105 million to S 210 million through a bonus issue of one share for each existing share, to be funded by capitalizing retained earnings and reserves. The proposed increase is subject to obtaining the required regulatory and shareholder approvals and, accordingly, no adjustment has been made to these financial statements.

17 RESERVE

During the year 2023, the Company amended its by-laws to comply with the new Companies Regulations requirements issued by Royal Decree M/132 dated 30 June 2022 and consequently, the Company is no longer required to appropriate statutory reserve and accordingly, the reserve appropriated during the prior years will be subject to shareholders resolution in the future.

18 DIVIDENDS

On 19 Ramadan 1446H (corresponding to 19 March 2025) the Company's Board of Directors approved cash dividends amounting to S 0.3 per share amounting to S 3,150,000 for the year ended 31 December 2024. The dividends were distributed on 12 Shawwal 1446H (corresponding to 10 April 2025).

19 LONG TERM LOANS

In 2020, the Company entered into a facility agreement amounting to S 35 million with a local bank to finance the purchase of land in Riyadh for the construction of a new hospital. This facility bears interest at SAIBOR plus a margin and is fully repayable over five years. Furthermore, in 2023, the Company secured two additional long-term facilities from commercial banks, totalling S 30 million, to finance the construction of the new hospital. These facilities carry interest at SAIBOR plus a margin and are repayable in unequal instalments over the next seven years. During the year, the Company increased the limit of an existing commercial loan and obtained an additional S 35.8 million (2024: S 61.7 million). During the year 2024, the Company also settled two facilities with commercial banks, leaving only one remaining facility. This facility includes a repayment structure with a two-year grace period, followed by semi-annual payments over the next seven years. The facility bears interest at SAIBOR plus a margin of two percent. Finance costs capitalized during 2025 amounted to S 6.58 million (2024: S 3.16 million). The loan is secured by a mortgage on certain Company's properties. Additionally, the loan is guaranteed by a promissory note backed by certain shareholders and is further secured by the mortgage of approximately 5 million personal shares of two shareholders in the Company.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

19 LONG TERM LOANS (continued)

The movement of long term loans is as follows:

	2025	2024
	#	#
Opening balance	84,957,386	43,063,187
Additions during the year	35,842,614	61,740,719
Repaid during the year	-	(19,846,520)
	<u>120,800,000</u>	<u>84,957,386</u>
Less: non-current portion of loans	<u>(120,800,000)</u>	<u>(84,177,386)</u>
Current portion of loans	<u>-</u>	<u>780,000</u>

Following are the combined aggregate amounts of future maturities representing principal amounts of the term loans as at 31 December:

	2025	2024
	#	#
Within one year	-	780,000
Later than one year but not more than five years	71,914,283	35,577,454
Later than five years	48,885,717	48,599,932
	<u>120,800,000</u>	<u>84,957,386</u>

20 EMPLOYEES DEFINED BENEFITS OBLIGATIONS

The management has carried out an exercise to assess the present value of its defined benefit obligations at 31 December 2025 and 31 December 2024 in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The following tables summaries the components of net benefit expense recognized in the statement of comprehensive income and balances reported in the statement of financial position:

	2025	2024
	#	#
Reconciliation of present value of liability		
End of service liability at the beginning of the year	16,010,579	12,946,903
Current service costs	3,078,878	2,325,634
Interest cost	833,144	618,862
Benefits paid during the year	(1,906,725)	(2,097,468)
Actuarial loss	1,181,683	2,216,648
At end of the year	<u>19,197,559</u>	<u>16,010,579</u>

The significant assumptions used in determining employees' end of service liability are shown below:

	2025	2024
Discount rate	5.01%	5.06%
Future salary increment rate	5.00%	5.00%

Sensitivity analysis

	2025		2024	
	PVDBL - #	% Change	PVDBL - #	% Change
+ 1% discount rate	18,703,856	-2.57%	15,614,943	-2.47%
- 1% discount rate	19,729,995	2.77%	16,435,335	2.65%
+ 1% salary increase	19,724,839	2.75%	16,410,105	2.50%
-1% salary decrease	18,699,236	-2.60%	15,589,730	-2.63%

PVDBL: Present Value of Defined Benefits Liability.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

21 ACCRUED EXPENSES AND OTHER CREDIT BALANCES

	2025	2024
	S	S
Accrued employee costs	4,215,178	3,098,094
Accrued finance cost	1,742,006	1,517,446
Accrued expenses	1,171,259	1,671,124
VAT payable	1,072,928	1,370,239
Other credit balances	-	467,801
	<u>8,201,371</u>	<u>8,124,704</u>

22 ZAKAT PROVISION

22.1 Charge for the year

	2025	2024
	S	S
Charge for the year	<u>3,109,136</u>	<u>3,273,556</u>

22.2 Components of the Zakat base

	2025	2024
	S	S
Total equity and liabilities and its equivalents	367,442,859	305,629,197
Long-term assets and its equivalents	(246,825,417)	(178,980,133)
Gross zakat base	<u>120,617,442</u>	<u>126,649,064</u>
Net zakat base	<u>120,617,442</u>	<u>126,649,064</u>

Zakat is calculated at the rate of 2.578% of the zakat base (2024: at the rate of 2.5847% of the zakat base).

22.3 Movement in zakat provision

	2025	2024
	S	S
At the beginning of the year	3,891,268	3,103,197
Charged during the year	3,109,136	3,273,556
Paid during the year	(2,950,974)	(2,485,485)
At end of the year	<u>4,049,430</u>	<u>3,891,268</u>

22.4 Status of assessments

The Company has obtained Zakat certificates from the Zakat, Tax and Customs Authority ("ZATCA") covering periods up to 2024. The Company has finalized its Zakat assessments for the years up to 2020 and for the year 2023. The Company is not aware of any additional liabilities with respect to filed returns of past years.

23 REVENUE

	2025	2024
	S	S
Revenue recognized over time	135,170,437	130,685,145
Revenue recognized at a point in time	66,642,965	63,596,968
	<u>201,813,402</u>	<u>194,282,113</u>

In-patient revenues is recognized over time while all other revenues from outpatient services and sale of drugs are recognized at a point in time.

Geographic markets

	2025	2024
	S	S
Kingdom of Saudi Arabia	<u>201,813,402</u>	<u>194,282,113</u>

For revenue disaggregation by segment, refer to segment information note to these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

24 COSTS OF REVENUE

	2025	2024
	S	S
Employee costs	79,650,247	76,704,703
Medicines, medical materials and consumables	30,440,941	31,383,410
Depreciation of property and equipment	9,775,395	9,095,151
Government related expenses	7,394,719	6,786,792
Utilities	2,001,019	1,724,017
Insurance	1,816,611	1,016,004
Depreciation of right-of-use assets	1,662,326	1,620,200
Repair and maintenance	772,672	587,531
Amortization of intangible assets	331,390	279,200
Others	1,783,128	2,720,468
	<u>135,628,448</u>	<u>131,917,476</u>

25 GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
	S	S
Employee costs	26,209,802	27,791,502
Repair and maintenance	2,855,166	2,369,560
Government related expenses	1,764,452	655,271
Donations	628,700	707,500
Insurance	482,099	225,584
Professional fees	396,042	371,653
Utilities	130,154	300,293
Stationery	17,730	75,154
Allowance for expected credit losses	-	2,675,000
Others	2,900,035	2,670,150
	<u>35,384,180</u>	<u>37,841,667</u>

26 FINANCE COSTS

	2025	2024
	S	S
Interest cost on employees' defined benefits obligations	833,144	618,862
Interest on lease liabilities	102,885	189,303
	<u>936,029</u>	<u>808,165</u>

27 SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on its products and services and has the following reportable segments:

Medical services - This segment provides medical services to its customers

Pharmaceutical - The segment provides sales of pharmaceutical products

The Board of directors monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

27 SEGMENT INFORMATION (continued)

The following tables present revenue and profit information for the Company's operating segments for the year ended 31 December 2025 and 2024, respectively:

	<i>Medical services</i>	<i>Pharmaceuticals</i>	<i>Total segments</i>	<i>Adjustments</i>	<i>Consolidated</i>
	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>
For the year ended 31 December 2025					
Revenue, net	188,845,333	12,968,069	201,813,402	-	201,813,402
Cost of revenue	(124,332,102)	(11,296,346)	(135,628,448)	-	(135,628,448)
Segment gross profit	64,513,231	1,671,723	66,184,954	-	66,184,954
For the year ended 31 December 2024					
Revenue	181,595,653	12,686,460	194,282,113	-	194,282,113
Cost of revenue	(120,840,720)	(11,076,756)	(131,917,476)	-	(131,917,476)
Segment gross profit	60,754,933	1,609,704	62,364,637	-	62,364,637

The following table presents assets and liabilities information for the Company's operating segments as at 31 December 2025 and 31 December 2024, respectively:

	<i>Medical services</i>	<i>Pharmaceuticals</i>	<i>Total segments</i>	<i>Adjustments</i>	<i>Consolidated</i>
	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>	<i>ﷲ</i>
Total assets					
31 December 2025	441,818,937	4,399,055	446,217,992	(60,966,674)	385,251,318
31 December 2024	366,038,414	5,771,757	371,810,171	(47,404,502)	324,405,669
Total liabilities					
31 December 2025	193,137,093	2,202,542	195,339,635	(32,946,878)	162,392,757
31 December 2024	144,665,029	1,795,459	146,460,488	(21,716,628)	124,743,860

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

28 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is the same as basic earnings per share since the Company has no diluted shares issued.

The following reflects the income and ordinary shares outstanding data used in the basic and diluted earning per share calculation of the shareholders of the Company:

	2025	2024
	S	S
Profit before Zakat attributable to equity holders of the Company	30,637,571	25,057,726
Net profit attributable to equity holders of the Company	27,528,435	21,784,170
Weighted average number of ordinary shares outstanding	10,500,000	10,500,000
Basic and diluted earning per share from profit before zakat for the year	2.92	2.39
Basic and diluted earning per share from net profit for the year	2.62	2.07

29 CAPITAL COMMITMENTS

The Company has capital commitments amounting to approximately S 109.7 million as of 31 December 2025 (as of 31 December 2024: S 316.4 million) representing the construction of a new health care facility in Riyadh.

30 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks including currency risk, credit risk and liquidity risk.

Financial instruments by categories

	2025	2024
	S	S
Financial assets measured at amortized cost		
Accounts receivable	108,273,182	91,464,714
Other debit balances	347,914	658,398
Amounts due from related parties	172,920	783,549
Cash and cash equivalents	18,990,205	42,781,023
Total financial assets measured at amortized cost	127,784,221	135,687,684
	2025	2024
	S	S
Financial assets measured at fair value through profit or loss		
Investment in a mutual fund	1,367,798	1,367,798
Investment in quoted shares	713,742	-
Total financial assets measured at fair value through profit or loss	2,081,540	1,367,798
	2025	2024
	S	S
Financial liabilities measured at amortized cost		
Accounts payable	8,040,741	7,543,367
Accrued expenses and other credit balances	8,201,371	8,124,704
Long term loans	120,800,000	84,957,386
Lease liabilities	2,009,996	4,216,556
Total financial liabilities measured at amortized cost	139,052,108	104,842,013

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

30 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

The main financial risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarized below:

Market risk

Market risk is the risk that changes in market prices, such as currency exchange rates, commodity prices, commission rates, and equity prices may affect the Company's income. The Company was exposed to market risk, in the form of foreign currency risk, commodity risk and commission rate risk as described below, during the year under review. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Currency risk

Currency risk is the risk of changes in the value of financial instruments due to changes in foreign exchange rates. Most of the Company's transactions are in Saudi Riyals. The management monitors changes in currency exchange rates and management believes that the currency risk is not material to the Company.

Consequently, no foreign currency sensitivity analysis has been presented, as the Company is not exposed to any major foreign currency risk.

Commodity risk

The Company is exposed to the impact of market fluctuations of the price of different products to be consumed and sold. The Company prepares annual budgets including sensitivity analyses in respect of various price levels of such materials to manage the risk.

Commission rate risk

Commission rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing commission rates on the Company's financial position and cash flows. The Company is exposed to commission rate risks on its commission bearing liabilities. To manage the commission rate risk on the loans and borrowings, the Company monitors market commission rate movements and its cost of funding on a regular basis.

Commission rate risk sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the assets or liability outstanding at the end of the reporting period and was outstanding for the whole period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in commission rates.

	<u>Increase/decrease in basis points of commission rates</u>	<u>Effect on expense/(income) for the year</u>
31 December 2025	+50	(1,749)
	-50	1,749
31 December 2024	+50	90,381
	-50	(90,381)

Equity price risk

The Company is exposed to equity price risk from its investment in a mutual fund measured at fair value through profit or loss. Changes in market prices of the underlying assets may affect the valuation of the investment.

Based on current information, management does not expect significant fluctuations in fair value.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

30 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter the necessary liquidity to meet its obligations associated with financial liabilities. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by ensuring periodically that sufficient liquidity is available to meet any obligations as they arise.

Contractual maturity analysis for financial liabilities

The following table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables represent undiscounted cash flows:

31 December 2025	Less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total
	#	#	#	#
Accounts payable	8,040,741	-	-	8,040,741
Accrued expenses and other credit balances	8,201,371	-	-	8,201,371
Employees defined benefits obligations	4,713,279	10,215,374	7,706,317	22,634,970
Long term loans	-	71,914,283	48,885,717	120,800,000
Lease liabilities	1,782,540	972,000	-	2,754,540
	<u>22,737,931</u>	<u>83,101,657</u>	<u>56,592,034</u>	<u>162,431,622</u>

31 December 2024	Less than 1 year	More than 1 year but less than 5 years	More than 5 years	Total
	#	#	#	#
Accounts payable	7,543,367	-	-	7,543,367
Accrued expenses and other credit balances	8,124,704	-	-	8,124,704
Employees defined benefits obligations	5,453,160	5,028,639	8,506,516	18,988,315
Long term loans	780,000	35,577,454	48,599,932	84,957,386
Lease liabilities	1,820,040	2,574,540	180,000	4,574,580
	<u>23,721,271</u>	<u>43,180,633</u>	<u>57,286,448</u>	<u>124,188,352</u>

Change in liabilities arising from financing activities

31 December 2025	Opening balance	Cash inflow	Cash outflow	Closing balance
	#	#	#	#
Long term loans	84,957,386	35,842,614	-	120,800,000
Lease liabilities	4,216,556	102,885	(2,309,445)	2,009,996
	<u>89,173,942</u>	<u>35,945,499</u>	<u>(2,309,445)</u>	<u>122,809,996</u>

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

30 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Change in liabilities arising from financing activities (continued)

31 December 2024	Opening balance	Cash inflow	Cash outflow	Closing balance
	ﷲ	ﷲ	ﷲ	ﷲ
Long term loans	43,063,187	61,740,719	(19,846,520)	84,957,386
Lease liabilities	5,129,241	967,151	(1,879,836)	4,216,556
	<u>48,192,428</u>	<u>62,707,870</u>	<u>(21,726,356)</u>	<u>89,173,942</u>

Lease liabilities are adjusted for the accretion of interest amounting to ﷲ 102,885 (2024: ﷲ 189,303) and discount received on a lease payment during 2024 amounting to ﷲ 195,000, which are considered non-cash transactions.

Credit risk

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk on its bank balances, accounts receivables and amounts due from related parties.

The maximum exposure to credit risk at the reporting date was:

Description	2025	2024
	ﷲ	ﷲ
Bank balances and time deposits	18,296,052	42,391,920
Accounts receivable	108,273,182	91,464,714
Amounts due from related parties	172,920	783,549

The following table represents information on the exposure of the Company to the credit risk and ECL for account receivable for customers:

31 December 2025	Gross carrying amount	Weighted average loss	Loss allowance (%)
0-30 Days	17,892,431	-	0.00%
31-60 Days	18,047,968	163,511	0.91%
61-90 Days	17,916,291	184,551	1.03%
91-120 Days	10,706,025	172,680	1.61%
121-180 Days	15,974,416	331,116	2.07%
181-240 Days	19,791,875	455,399	2.30%
More than 240 Days	7,944,176	2,439,277	30.71%
	<u>108,273,182</u>	<u>3,746,534</u>	

NABA AL SAHA MEDICAL SERVICES COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

30 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

	Gross carrying amount	Weighted average loss	Loss allowance (%)
31 December 2024			
0-30 Days	18,764,669	-	0.00%
31-60 Days	15,190,789	203,677	1.34%
61-90 Days	14,393,026	296,267	2.06%
91-120 Days	11,969,807	381,237	3.18%
121-180 Days	22,651,892	1,170,814	5.17%
181-240 Days	4,643,083	188,199	4.05%
More than 240 Days	3,851,448	1,506,340	39.11%
	<u>91,464,714</u>	<u>3,746,534</u>	

Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to the shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the previous year. The capital structure of the Company consists of equity and debt comprising capital, the reserve, retained earnings and other reserves. The Company is not subject to any externally imposed capital requirements.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company has receivable from governmental agencies and insurance companies representing 97% of the total receivables (2024: Representing 98% of the total receivables).

The Company operates two hospitals and a pharmacy located in Qatif and Hail, Kingdom of Saudi Arabia, which consist of geographical risk concentration.

Fair value of financial instruments

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 and the same conditions of dealing with other parties. As the accompanying financial statements are prepared under the historical cost method difference may arise between the book values and the fair value estimates.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

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 categorised 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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Levels 1, 2 or 3 during the years ended 31 December 2025 and 31 December 2024.

NABA AL SAHA MEDICAL SERVICES COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2025

30 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments (continued)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

	<i>Carrying value</i>	<i>Fair value measurement using</i>		
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	ﷲ	ﷲ	ﷲ	ﷲ
31 December 2025				
Investment in a mutual fund	1,367,798	-	-	1,367,798
Investment in quoted shares	713,742	713,742	-	-
	2,081,540	713,742	-	1,367,798
	<i>Carrying value</i>	<i>Fair value measurement using</i>		
	ﷲ	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	ﷲ	ﷲ	ﷲ	ﷲ
31 December 2024				
Investment in a mutual fund	1,367,798	-	-	1,367,798
	1,367,798	-	-	1,367,798

31 SUBSEQUENT EVENTS

Subsequent to 31 December 2025, the Middle East and GCC region have experienced certain geopolitical developments that may impact the overall economic environment.

Management continues to monitor these developments and assess their potential implications on the Company's operations, including its hospital activities in the Eastern Province and Hail, as well as its investments in the Kingdom of Bahrain.

Given the evolving nature of these events, it is not currently practicable to reliably estimate the financial impact, and these events have not resulted in any adjustments to the accompanying financial statements.

Except for this matter, in the opinion of management, there have been no other significant subsequent events since the year ended 31 December 2025 that would have a material impact on the financial position of the Company as reflected in these financial statements.

32 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorized for issuance by board of directors on 9 Shawwal 1447H (corresponding to 28 March 2026).