

TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH INDEPENDENT AUDITOR'S REPORT**

TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
WITH INDEPENDENT AUDITOR'S REPORT**

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)
AL KHOBAR, KINGDOM OF SAUDI ARABIA

(1/5)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

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

We have audited the consolidated financial statements of the Group, which comprise of the following:

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is that matter that, in our professional judgment, is of most significance in our audit of the consolidated financial statements of the current period. The matter is addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS OF TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)
AL KHOBAR, KINGDOM OF SAUDI ARABIA

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTER (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition	
<p>With reference to the accounting policy relating to the revenue recognition, the Group's revenues for the year ended 31 December 2025 amounted to SR 183.1 million (2024: SR 191.81 million).</p> <p>The Group recognizes revenue upon satisfaction of performance obligations attached to medical and related services at the fair value of consideration received or receivable, net of variable consideration.</p> <p>Certain contracts with customers include variable considerations in the form of prompt payment discount or any expected discounts for some of the services provided. Significant accounting judgments, estimates and assumptions are made by the management to determine the variable consideration.</p> <p>Revenue recognition is considered as a key audit matter due to the existence of significant risks associated with the amount of revenues related to the controls and judgments that mainly depend on management's estimates when the amount of revenue is recognised.</p> <p>Refer to material accounting policy information in note 4.4 for revenue recognition policy, and note 20 for more detail of revenue.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of the Group's revenue recognition. • Assessed the appropriateness of significant accounting judgments, estimates and assumptions made by the management to determine the variable consideration. • Obtained an understanding of the process of key controls surrounding the revenue recognition process and performed walkthroughs of relevant key controls to determine whether they are designed, implemented and operating effectively. • Performed analytical procedures by comparing the expectations with actual revenue and analysing the variances. • Performed sample-based tests on revenue recognition from medical services and the sale of goods, to ensure the alignment of performance obligations. • Assessed the adequacy of relevant disclosures in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS OF TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)
AL KHOBAR, KINGDOM OF SAUDI ARABIA

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER INFORMATION

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

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

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

When we read the Annual Report of the Group, 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 CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS OF TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)
AL KHOBAR, KINGDOM OF SAUDI ARABIA

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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE SHAREHOLDERS OF TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)
AL KHOBAR, KINGDOM OF SAUDI ARABIA


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REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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

For PKF Al Bassam Chartered
Accountants




Ahmed Abdul Majeed Mohandis
Certified Public Accountant
License No. 477
Al Khobar, Kingdom of Saudi Arabia
Shawwal 12, 1447
Corresponding to: March 31, 2026




TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	Note	December 31, 2025 SR	December 31, 2024 SR
ASSETS			
Non-current assets			
Property and equipment	6	33,186,862	24,715,085
Right of use assets	7	1,391,588	2,097,008
Intangible assets	8	310,580	382,142
Total non-current assets		34,889,030	27,194,235
Current assets			
Accounts receivable	10	46,379,744	61,536,815
Contract assets	11	9,341,738	9,118,198
Prepaid expenses and other assets	12	8,563,900	10,857,054
Inventories	13	4,685,509	5,798,938
Cash and cash equivalents	9	4,064,412	2,315,382
Total current assets		73,035,303	89,626,387
TOTAL ASSETS		107,924,333	116,820,622
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	1	40,000,000	40,000,000
Actuarial reserve		(1,991,964)	(1,717,931)
Retained earnings		8,635,119	28,956,941
Total shareholders' equity		46,643,155	67,239,010
Liabilities			
Non-current liabilities			
Employees' end of service benefits	15	6,342,609	7,211,561
Long term borrowings	16	3,422,710	3,643,261
Lease liabilities	7	729,839	1,404,617
Total non-current liabilities		10,495,158	12,259,439
Current liabilities			
Short term borrowings	16	27,259,392	7,551,032
Long term borrowings	16	262,292	259,602
Lease liabilities	7	674,777	623,869
Accounts payable		16,258,918	18,446,993
Contract liabilities	11	262,589	362,019
Accrued expenses and other liabilities	17	5,467,257	8,690,856
Dividend payables		12,938	-
Zakat accrual	18	587,857	1,387,802
Total current liabilities		50,786,020	37,322,173
Total liabilities		61,281,178	49,581,612
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		107,924,333	116,820,622


Amer Mohammed Alamer
Chairman


Dr. Khalid Mohammed Alhamdan
Chief Executive Officer


Mohammed Tarek Elsayed
Chief Financial Officer

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	December 31, 2025 SR	December 31, 2024 SR
Revenue	19, 20	183,103,432	191,814,239
Cost of revenue	21	(139,251,617)	(131,164,338)
Gross profit		43,851,815	60,649,901
General and administrative expenses	22	(33,547,871)	(33,328,033)
Selling and marketing expenses	23	(2,578,939)	(875,863)
Expected credit loss allowance for accounts receivable	10	(14,803,360)	(1,031,971)
Operating (loss) / profit for the year		(7,078,355)	25,414,034
Finance cost	24	(2,666,780)	(950,068)
Other income	25	12,316	438,590
(Loss) / profit before zakat		(9,732,819)	24,902,556
Zakat	18	(589,003)	(1,387,802)
Net (loss) / profit for the year		(10,321,822)	23,514,754
OTHER COMPREHENSIVE LOSS			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial loss on re-measurement of employees' end of service benefits	15	(274,033)	(843,437)
Other comprehensive loss for the year		(274,033)	(843,437)
Total comprehensive (loss) / income for the year		(10,595,855)	22,671,317
(Loss) / earnings per share for the (loss) / profit attributable to the ordinary shareholders of the Group			
Basic and diluted	28	(0.26)	0.59



Amer Mohammed Alamer
Chairman



Dr. Khalid Mohammed Alhamdan
Chief Executive Officer



Mohammed Tarek Elsayed
Chief Financial Officer

TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Share capital	Statutory reserve	Actuarial reserve	Retained earnings	Total Shareholders' equity
	SR	SR	SR	SR	SR
January 1, 2024	40,000,000	5,442,187	(874,494)	6,890,956	51,458,649
Net profit for the year	-	-	-	23,514,754	23,514,754
Other comprehensive loss for the year	-	-	(843,437)	-	(843,437)
Total comprehensive (loss) / income for the year	-	-	(843,437)	23,514,754	22,671,317
Transfer to retained earnings (note 14)	-	(5,442,187)	-	5,442,187	-
Transaction with current owners in their capacity as owners:					
Dividends (note 36)	-	-	-	(6,890,956)	(6,890,956)
December 31, 2024	40,000,000	-	(1,717,931)	28,956,941	67,239,010
January 1, 2025	40,000,000	-	(1,717,931)	28,956,941	67,239,010
Net loss for the year	-	-	-	(10,321,822)	(10,321,822)
Other comprehensive loss for the year	-	-	(274,033)	-	(274,033)
Total comprehensive loss for the year	-	-	(274,033)	(10,321,822)	(10,595,855)
Transaction with current owners in their capacity as owners:					
Dividends (note 36)	-	-	-	(10,000,000)	(10,000,000)
December 31, 2025	40,000,000	-	(1,991,964)	8,635,119	46,643,155



Amer Mohammed Alamer
Chairman



Dr. Khalid Mohammed Alhamdan
Chief Executive Officer



Mohammed Tarek Elsayed
Chief Financial Officer

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

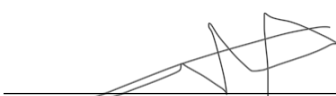
TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	December 31, 2025	December 31, 2024
	SR	SR
Cash flows from operating activities:		
(Loss) / profit before zakat	(9,732,819)	24,902,556
Adjustments for:		
Depreciation on property and equipment	4,282,297	3,085,408
Depreciation on right of use assets	705,420	705,632
Amortization of intangible assets	230,007	210,206
Employees' end of service benefits	1,901,998	1,735,174
Allowance for advances to suppliers	1,217,795	-
Finance cost	2,666,780	950,068
Expected credit loss (ECL) allowance for accounts receivable	14,803,360	1,031,971
Changes in working capital:		
Accounts receivable	353,711	(18,273,962)
Contract assets	(223,540)	(9,118,198)
Prepaid expenses and other assets	1,075,359	(1,971,449)
Inventories	1,113,429	119,421
Accounts payable	(2,188,075)	5,283,971
Contract liabilities	(99,430)	(297,390)
Accrued expenses and other liabilities	(3,223,599)	2,689,505
Net cash generated from operations	12,882,693	11,052,913
Finance cost paid	(1,868,582)	(334,507)
Zakat paid	(1,388,948)	(1,320,299)
Employees' end of service benefits paid	(3,415,470)	(823,402)
Net cash generated from operating activities	6,209,693	8,574,705
Cash flows from investing activities:		
Purchase of property and equipment	(12,754,074)	(6,036,427)
Purchase of intangible assets	(158,445)	(15,763)
Net cash used in investing activities	(12,912,519)	(6,052,190)
Cash flows from financing activities:		
Lease liabilities repaid	(744,150)	(744,150)
Long-term borrowings repaid	(215,172)	(209,923)
Proceeds from short term borrowings	77,417,358	8,414,799
Repayment of short-term borrowings	(58,019,118)	(1,867,260)
Dividend paid	(9,987,062)	(8,101,229)
Net cash generated from / (used in) financing activities	8,451,856	(2,507,763)
Net change in cash and cash equivalents	1,749,030	14,752
Cash and cash equivalent at the beginning of the year	2,315,382	2,300,630
Cash and cash equivalents at the end of the year	4,064,412	2,315,382



Amer Mohammed Alamer
Chairman



Dr. Khalid Mohammed Alhamdan
Chief Executive Officer



Mohammed Tarek Elsayed
Chief Financial Officer

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Twareat Medical Care Company (the “Company”) is a Saudi Joint Stock Company registered in the Kingdom of Saudi Arabia under commercial registration number 2051054263 and its unified number is 7011033581 dated 6 Jumada’ II 1439H (February 22, 2018). The Company has obtained license from Ministry of Health under license number 3810501201210012 ending on Rajab 18, 1451 H.

During the year 2022, the Company was converted into a Closed Joint Stock Company pursuant to Ministerial Resolution No. (992) dated 11 Shawwal, 1443H (corresponding to May 12, 2022). The Company’s share capital after the conversion amounted to SR 8,999,000 divided into 899,900 ordinary shares fully paid at a nominal value of SR 10 per share. Further during the year 2022, based on the recommendation of the Board of Directors, the Extraordinary General Assembly approved increasing the Company’s capital from SR 8,999,000 SR 20,000,000 divided into 2,000,000 ordinary shares at a nominal value of SR 10 per share by capitalizing an amount of SR 11,001,000 from the retained earnings account. The related legal formalities were completed during that year.

During the year 2023, as per the shareholders’ resolution dated Ramadan 20, 1444H (corresponding to April 11, 2023), the Company further increased its share capital by SR 20 million through transfer from retained earnings. The related legal formalities were completed during that year end. As at December 31, 2024 and June 30, 2025, the ordinary share capital was SR 40,000,000 at a nominal value of SR 1 per share.

On Dhu al-Hijjah 3, 1444 H (corresponding to June 21, 2023), the Company’s extraordinary general assembly meeting approved the amending of the Company’s By-laws to comply with the requirement of new companies’ law.

On 8 Jumada’ II, 1446H (corresponding to December 9, 2024) the Capital Market Authority "CMA" Board approved the Company’s application for the registration of its shares for direct listing in the parallel market. Further, on Rajab 25, 1446H (corresponding to January 29, 2025), the Company became a listed company in the Nomu – Parallel Market on the Saudi Stock Exchange.

The Group is engaged in General construction of residential buildings, renovation of residential and non-residential buildings, stores of medical devices and products, hospitals, medical operations of hospitals, general medical complexes, medical operations of medical complexes and one-day surgery centers, ambulance service centers, medical laboratories, home medical service centers, medical clinic mobile, telemedicine and telemedicine centers, medical operations of medical laboratories, radiology centers and supporting medical services, activities of drug stores, retail sale of medical devices, equipment and supplies, repair and maintenance of medical equipment and transformation of vehicles to medical equipment.

During the year ended December 31, 2025, the Company, incorporated a new subsidiary Innovation Conversion for Industry Company (the “Subsidiary”) with a commercial registration number 2050214543 and unified number 7048788629 dated February 4, 2025. The Subsidiary has a share capital of SR 2 million comprising of 2 million shares of SR 1 each. The Subsidiary does not have significant operations during the year ended December 31, 2025. The consolidated financial statements comprise the financial statements of the Company and its subsidiary (the “Group”) as at December 31, 2025. Comparative figures presented in the consolidated financial statements do not include any balances or transactions of the Subsidiary.

These consolidated financial statements include the activities of following branches:

Commercial Registration	Location
2051054263	Al-Khobar
2050137379*	Dammam
2051232155	Al-Khobar
2055133741	Jubail

*Subsequent to the year ended December 31, 2025, this branch has been converted to company and became a wholly owned subsidiary of the Group.

The Company’s head office is located in Al Khobar, Kingdom of Saudi Arabia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

1. ORGANIZATION AND PRINCIPAL ACTIVITIES (Continued)

The subsidiary included in these consolidated financial statements is as follows:

Subsidiary	Principal activity	Location	Percentage of ownership (direct or indirect)
			2025
Innovation Conversion for Industry Company	Transformation of vehicles to medical equipment	Dammam, KSA	100

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

2.2 Accounting convention

These consolidated financial statements have been prepared under historical cost convention using the accrual basis of accounting and the going concern basis except for where IFRS required other basis of accounting.

The preparation of consolidated financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimation are significant to the consolidated financial statements are described in note 5.

2.3 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. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 ‘Inventories’ or value in use in IAS 36 ‘Impairment of Assets’, where applicable.

Valuation techniques

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

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Inputs for assets or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 New standards, amendments to standards and interpretations

Amendments

The following amendments to standards relevant to the Group are effective for the annual periods beginning on or after January 1, 2025 (unless otherwise stated). The Group adopted these standards and / or amendments, however, there is no significant impact of these on the consolidated financial statements:

3.2 New amendments to standards issued and applied effective in year 2025

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment	Management assessment
IAS 21	Lack of Exchangeability	January 1, 2025	The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.	Management has assessed the adoption of these amendments and concluded that they did not have a material impact on the Group's consolidated financial position, consolidated profit or loss and other comprehensive income or consolidated cash flows for the current reporting period.

3.3 New standards, amendments and revised IFRS issued but not yet effective

The Group has not applied the following new and revised IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment	Management assessment
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026	The amendments clarify the recognition and derecognition of financial assets and financial liabilities, including settlement date accounting for certain electronic payment systems. They also provide additional guidance on assessing contractual cash flow characteristics of financial assets, including contingent cash flows arising from environmental, social and governance (ESG)-linked features. The amendments also introduce new and updated disclosure requirements in IFRS 7.	Management has performed a preliminary assessment and does not expect the adoption of these amendments to have a material impact on the Group's consolidated financial statements, as the Group's financial instruments and settlement arrangements are not expected to be significantly affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS
(Continued)

3.3 New standards, amendments and revised IFRS issued but not yet effective (Continued)

The Group has not applied the following new and revised IFRS Standards and amendments to IFRS that have been issued but are not yet effective:

Amendments to standard	Description	Effective from accounting period beginning on or after	Summary of amendment	Management assessment
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026	These amendments modify the 'own use' requirements and hedge accounting provisions in IFRS 9 for contracts that expose entities to variability in electricity prices due to uncontrollable natural conditions such as weather. Targeted disclosure requirements are introduced in IFRS 7.	Based on the nature of the Group's operations and contractual arrangements, management does not expect these amendments to have a material impact on the Group's consolidated financial statements upon initial application.
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	IFRS 18 replaces IAS 1 and establishes a new framework for the presentation and disclosure of financial statements. The standard introduces new categories for income and expenses (operating, investing and financing) and requires presentation of new subtotals, including operating profit or loss and profit or loss before financing and income taxes. It also enhances guidance on aggregation and disaggregation, introduces disclosure requirements for management-defined performance measures, and removes classification options for interest and dividends in the statement of cash flows.	Management is currently assessing the impact of IFRS 18. While the standard is expected to result in changes to presentation and disclosures, it is not expected to have a material impact on the recognition or measurement of the Group's assets, liabilities, income or expenses.
IFRS 19	Subsidiaries without Public Accountability	January 1, 2027	IFRS 19 permits eligible subsidiaries without public accountability to apply reduced disclosure requirements while continuing to apply full IFRS recognition and measurement principles. The standard affects disclosure requirements only and does not impact recognition or measurement.	Management will assess the applicability of IFRS 19 at the date of adoption. The standard is expected to affect disclosure requirements only and is not expected to have a material impact on the Group's consolidated financial position, consolidated financial performance or consolidated cash flows.

4. MATERIAL ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary as at the reporting date. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous stakeholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Non-controlling interests in subsidiary are identified separately from the Group's equity therein. These interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's ownership interests in existing subsidiary

Changes in the Company's ownership interests in subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.1 Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiary (Continued)

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified by applicable IFRS).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 and, when applicable, the cost on initial recognition of an investment in an associate.

4.2 Goodwill

Goodwill arising on an acquisition of a business (being the excess of the aggregate of consideration transferred and the amount of any non-controlling interest in acquiree over the fair values of net assets acquired) is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

If the fair values of net assets acquired exceed the aggregate of consideration transferred and the amount of any non-controlling interest in acquiree, the resulting gain is recognized in profit or loss as a bargain purchase gain.

Goodwill is not amortized but is reviewed for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value with the exception of liabilities related to employee benefit arrangements which are recognized and measured in accordance with IAS 19 Employee Benefits.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.3 Business combinations (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest was disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

4.4 Revenue from contract with customers

The Group recognizes revenue from the following major sources:

- Rendering of services; and
- Sale of various goods

Revenue is recognized at the fair value of the consideration received or receivables taking in the consideration the payment terms specified in the contract with the customer excluding any tax or fees. The Group recognizes revenues from contracts based on five steps model as follows:

- Identify the contract with the customer i.e. agreement with the Company which create exercisable rights and obligations.
- Identifying the performance obligation such as promises to deliver goods or services.
- Determining the transaction price based on the expected consideration receivables against the satisfaction of the performance obligation (excluding any amounts received on behalf of third parties)
- Allocate the transaction price for each performance obligation based on estimated selling price for goods and service provided to the client.
- Recognize revenue when (or as) the performance obligation is satisfied such as delivery of the contracted goods or services to the client till the client obtain the control which can be at a point in time or over time.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.4 Revenue from contract with customers (Continued)

(a) Rendering of services

Revenue from services are recognized on the satisfaction of the related performance obligations and is classified as revenues from the main operating activities. Certain services are subject to variable considerations such as discounts and rejections. The Group calculate discounts and rejections based on its best estimates and depending on its experience and knowledge about the past and current events.

Some contracts include variable considerations such as claims disallowed (rejection of claims) which is not paid by third-party payor, volume discount and prompt payment discount. Discounts comprise retrospective volume discounts granted to certain insurance companies on attainment of certain levels of business and constitute variable consideration. These are accrued over the course of the arrangement based on estimates of the level of business expected and are adjusted against revenue at the end of the arrangement to reflect actual volumes. The normal business process associated with transactions with insurers includes amount of claims disallowed (disallowance provision) which is not paid by the insurer. These disallowed claims could be for various technical or medical reasons. Accordingly, the Group expects an amount of consideration that is less than what was originally invoiced. These disallowances constitute a variable consideration and are assessed based on all information (historical, current and forecast) that is reasonably available to the Group and identify a reasonable number of possible consideration amounts. Management estimates variable consideration using the single most likely amount method for prompt payment discount.

(b) Sale of goods

The sale of goods represents the invoiced value of medicines, drugs and medical consumables supplied by the Group. The Group's contracts with customers for the sale medicines, drugs and medical consumables generally include one performance obligation. Revenue from sale of the goods is recognized at the point in time when control of the assets is transferred to the customers generally on delivery/ dispensing of the medicines, drugs and medical consumables.

4.5 Contract assets and contract liabilities

Contract asset represents the gross unbilled amount expected to be collected from customers for the services performed to date. Unbilled revenue is presented separately in the consolidated statement of financial position for all services but not billed at the reporting date. The unbilled revenue is transferred to receivables when the rights to bill the invoice to customers become unconditional. This usually occurs when the Group issues an invoice to the customer.

Contract liabilities relate to advance consideration received from customers for performance obligation to be satisfied.

4.6 Expenses

(i) Costs of revenue

The costs incurred during the year, to procure the inventories that are sold/consumed and for rendering of services, which includes direct and indirect cost of service rendered, including direct labor, direct materials, depreciation and overheads are classified as cost of revenue.

(ii) General and administrative expenses

General and administrative expenses include costs not specifically part of selling and distribution expenses, cost of revenue, finance charges or zakat expense. Allocations between general and administrative expenses, selling and distribution expenses and cost of revenue, when required, are made on a consistent basis.

(iii) Selling and marketing expenses

Selling and marketing expenses principally consist of costs incurred in the distribution and selling of the Group's products.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.7 Foreign currency transactions

The Group's financial statements are presented in Saudi Riyals (SR), which is also the Group's functional currency. Items included in the consolidated financial statements are measured using the functional currency of that entity.

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Saudi Riyals at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in profit or loss.

4.8 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.9 Employee benefits

The Group recognizes a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group consumes the economic benefits arising from service provided by an employee in exchange for employee benefits. Employee benefits are short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries and annual leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. The liability is recorded at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Employee defined benefit liabilities

The end-of-service indemnity provision is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Re-measurements, comprising actuarial gains and losses, are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurements recognized in other comprehensive income are reflected immediately in retained earnings and will not be reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. Interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- re-measurements

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.9 Employee benefits (Continued)

The Group presents the first two components of defined benefit costs in profit or loss in relevant line items. The third component is presented other comprehensive income.

The actuarial reserve for employees end of service benefits is separately maintained by the Group as part of the equity.

This reserve is calculated based on an actuarial valuation and represent present value of the future obligation that the Group owes to its employees for benefits they will receive upon the completion of their service. The charge to the actuarial reserve is made through other comprehensive income and the reserve is subject to change considering the increase/ decrease in present value of defined benefit obligations arising from financial, demographic and experience adjustments.

Retirement benefits

Retirement benefits made to funded defined contribution plans in respect of Saudi employees are expensed when incurred.

Actuarial reserve

The actuarial reserve for employees end of service benefits is separately maintained by the Group as part of equity in other reserves. This reserve is calculated based on an actuarial valuation and represent present value of the future obligation that the Group owes to its employees for benefits they will receive upon the completion of their service. The charge to the actuarial reserve is made through other comprehensive income and the reserve is subject to change considering the increase/ decrease in present value of defined benefit obligations arising from financial, demographic and experience adjustments.

4.10 Zakat and taxes

(i) Zakat

The Group is subject to the regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the kingdom of Saudi Arabia. Zakat is calculated on accrual basis. Zakat is calculated on the higher of zakat base or adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

(ii) Withholding tax

The Group withhold taxes on certain transactions with non-resident parties in the KSA, as required under Saudi Arabian Income Tax Law.

(iii) Value added tax

Expenses and assets are recognized net of the amount of value added tax, except:

- when 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 recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- when 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 consolidated statement of financial position.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.11 Property and equipment

Property and equipment, except land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses. Land and capital work-in-progress are stated at cost less impairment in value.

Historical cost includes expenditure that is directly attributable to the acquisition of the item. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis.

The Group applies the following annual rates of depreciation to its property and equipment:

Classification	Year
Building	45 Years
Vehicles	5 – 8 years
Furniture, fixtures and office equipment	5 years
Medical equipment	8 years
Leasehold improvements	5 –10 years

Land and capital work-in-progress are not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss and other comprehensive income.

Capitalization of costs

The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation incurred either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that year.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced.

Maintenance and normal repairs which do not extend the estimated economic useful life of an asset or production output are charged to the consolidated statement of profit or loss and other comprehensive income as and when incurred.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.12 Intangible assets

Intangible assets with finite useful lives that are acquired, are carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are not amortized but are assessed annually for impairment and are stated at cost less accumulated impairment losses, if any.

The Group applies the following annual rates of amortization to its intangible assets:

	Percentage (%)
Software	<u>25</u>

An intangible asset is derecognized upon disposal, or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

4.13 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that non-financial assets may be impaired.

Non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units 'CGUs'). Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). 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. Such impairment loss is recognized in the consolidated statement of profit or loss and other comprehensive income in the period it has occurred.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill, if any, may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. Such reversal is recognized in the consolidated statement of profit or loss and other comprehensive income. Impairment losses on goodwill, if any, are not reversible.

4.14 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value comprises estimated selling price in the ordinary course of business, less further appropriate selling and distribution costs, if any.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.15 Financial instruments

a) Initial recognition and measurement of financial instruments

The Group initially recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the financial instrument.

Where the accounts receivable does not have a significant financing component, initial measurement is at their transaction price, which is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Except for accounts receivable that do not have a significant financing component, initial measurement of the financial instrument is at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Business model assessment

The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) Financial assets - subsequent classification and measurement

Financial assets are subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. There are two criteria used to determine how financial assets should be classified and measured:

- (i) the Group's business model for managing the financial assets; and
- (ii) the contractual cash flow characteristics of the financial asset.

Key management personnel have determined that the Group's financial assets are held within a business model whose objective is to hold financial assets in order to collect cash flows.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.15 Financial instruments (Continued)

b) Financial assets - subsequent classification and measurement (Continued)

A financial asset is measured at amortized cost if the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Otherwise, a financial asset is measured at fair value through profit or loss (FVTPL).

Investments in equity instruments are measured at fair value, and the Group did not elect to present in other comprehensive income subsequent changes in the fair value of such investment in an equity instrument.

Financial assets are only reclassified between measurement categories, when and only when, the Group's business model for managing them changes, which is expected to be uncommon.

The Group derecognizes a financial asset when the rights to the cash flows from the financial asset have expired or where the Group has transferred substantially all risks and rewards associated with the financial asset and does not retain control of the financial asset.

c) Impairment of financial assets

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

As required by IFRS 9, the Group applies the simplified approach for accounts receivable and contract assets. The Group uses a provision matrix in the calculation of the expected credit losses on accounts receivable and contract assets to estimate the lifetime expected credit losses, applying certain provision rates to respective aging buckets.

d) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

e) Financial liabilities - subsequent classification and measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

The Group derecognizes a financial liability (or a part of a financial liability) from its consolidated statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

f) Cash and cash equivalents

For the purposes of the consolidated statements of financial positions and cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Group unless otherwise stated and have maturities of three months or less, which are subject to insignificant risk of change in values.

g) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to offset the recognized amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.16 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.17 Dividends

Accrual is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period. Dividends are recorded in the consolidated financial statements in the year in which they are declared and approved by the board of directors of the Group.

4.18 Leases

Leases are recognized as a right-of-use asset and a corresponding liability, at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

i) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

4. MATERIAL ACCOUNTING POLICIES (Continued)

4.18 Leases (Continued)

ii) Right-of-use assets

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

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

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represents an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the consolidated statement of profit or loss and other comprehensive income over the lease term as part of the depreciation of that asset.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. In addition, the right-to-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of lease liabilities.

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

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Short-term and low value leases

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipment and furniture.

4.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are extinguished from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss and other comprehensive income as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

4.20 Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the probability of an outflow of resources embodying economic benefits is remote. Liabilities which are probable are recorded in the consolidated statement of financial position under trade and other payables. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Critical judgements in applying accounting policies

The following are the critical judgements, that have most significant effects on the amounts recorded in the consolidated financial statements.

(a) Revenue recognition

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

Satisfaction of performance obligations

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

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its agreements with customers (mainly insurance companies). In making such judgment the Group assess the impact of any variable consideration in the contract, due to insurance claims discount or any other variable items, the existence of any significant financing component in the contract and any non-cash consideration in the contract. The Group calculate discounts and rejections based on its best estimates and depending on its experience and knowledge about the past and current events.

Transfer of control in contracts with customers

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

(b) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group's consolidated financial statements continue to be prepared on the going concern basis.

5.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Useful lives and residual values of property and equipment and intangible assets

The Group's management estimates the useful lives of its property and equipment and intangible assets for the purpose of calculating depreciation and amortization respectively. These estimates are determined after considering the expected usage of the asset or physical wear and tear for useful lives. Residual values are based on experience and observable data where available. These are disclosed in note 4 of these consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(Continued)

5.2 Key sources of estimation uncertainty (Continued)

(b) Impairment of financial assets including accounts receivable and contract assets

The Group uses a provision matrix to calculate Expected Credit Losses "ECLs" for accounts receivables. The provision rates are based on days past due for Groupings of various customer segments that have similar loss patterns (i.e., by customer type, and coverage by guarantees and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the accounts receivable is disclosed in (note 10 and 11).

(c) Employee end of service benefits

Employee defined benefit liabilities are determined using an actuarial valuation which requires estimates to be made of the various inputs such as discount rates, rate of salary increase, mortality rates and employment turnover. Changes in key assumptions can have a significant impact on the projected benefit liabilities and/or periodic employee defined benefit costs incurred (note 15).

(d) Allowance for impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete or subject to technological changes, an estimate is made of their net realizable value. Factors considered in determination of markdowns include current and anticipated demand, customer preferences and age of inventories as well as seasonal trends. For individually significant amounts this estimation is performed on an individual basis. Items which are not individually significant, but which are old or obsolete, are assessed collectively and a markdown provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices (note 13).

(e) 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 judgement and estimates of the outcome of future events (note 27).

(f) Zakat

The Group's current zakat payable of SR 0.59 million relating to management's assessment of the amount of zakat payable on open zakat positions where the liabilities remain to be agreed with the ZATCA. Due to the uncertainty associated with such zakat items, it is possible that, on finalization of open zakat and tax assessments at a future date, the final outcome may differ significantly. Note 18 describes the status of zakat assessments.

TWAREAT MEDICAL CARE COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

6. PROPERTY AND EQUIPMENT

	Land	Building	Vehicles	Furniture, fixture and office equipment	Medical equipment	Leasehold improvements	Total
	SR	SR	SR	SR	SR	SR	SR
<u>Year ended December 31, 2025</u>							
<u>Cost</u>							
January 1, 2025	3,846,655	5,689,333	11,887,655	3,500,062	6,545,055	3,650,086	35,118,846
Additions	-	-	11,099,244	139,601	1,160,107	355,122	12,754,074
December 31, 2025	3,846,655	5,689,333	22,986,899	3,639,663	7,705,162	4,005,208	47,872,920
<u>Accumulated depreciation</u>							
January 1, 2025	-	370,559	4,734,068	1,643,933	2,233,980	1,421,221	10,403,761
Charge for the year	-	125,165	2,249,310	675,974	868,396	363,452	4,282,297
December 31, 2025	-	495,724	6,983,378	2,319,907	3,102,376	1,784,673	14,686,058
<u>Net book value at</u>							
December 31, 2025	3,846,655	5,193,609	16,003,521	1,319,756	4,602,786	2,220,535	33,186,862

	Land	Building	Vehicles	Furniture, fixture and office equipment	Medical equipment	Leasehold improvements	Total
	SR	SR	SR	SR	SR	SR	SR
<u>Year ended December 31, 2024</u>							
<u>Cost</u>							
January 1, 2024	3,846,655	5,689,333	7,760,621	3,334,088	5,044,123	3,407,599	29,082,419
Additions	-	-	4,127,034	165,974	1,500,932	242,487	6,036,427
December 31, 2024	3,846,655	5,689,333	11,887,655	3,500,062	6,545,055	3,650,086	35,118,846
<u>Accumulated depreciation</u>							
January 1, 2024	-	245,051	3,473,471	971,443	1,528,173	1,100,215	7,318,353
Charge for the year	-	125,508	1,260,597	672,490	705,807	321,006	3,085,408
December 31, 2024	-	370,559	4,734,068	1,643,933	2,233,980	1,421,221	10,403,761
<u>Net book value at</u>							
December 31, 2024	3,846,655	5,318,774	7,153,587	1,856,129	4,311,075	2,228,865	24,715,085

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

6. (PROPERTY AND EQUIPMENT) (Continued)

6.1 Depreciation charge on property and equipment for the year has been allocated as follows:

	December 31, 2025	December 31, 2024
	SR	SR
Cost of revenue (note 21)	2,606,912	1,450,890
General and administrative expenses (note 22)	1,675,385	1,634,518
	4,282,297	3,085,408

6.2 The title deed of land is mortgaged in favor ministry of finance (note 16.4).

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases certain of its premises. The lease term of the lease is 5 years.

7.1 Movement of right-of-use assets is as follows:

	December 31, 2025	December 31, 2024
	SR	SR
Cost		
January 1	3,527,096	3,527,096
December 31	3,527,096	3,527,096
Accumulated depreciation		
January 1	1,430,088	724,456
Charge for the year (note 21)	705,420	705,632
December 31	2,135,508	1,430,088
Net Book Value		
December 31	1,391,588	2,097,008

7.2 The consolidated statement of profit or loss and other comprehensive income included the following amounts related to leases:

	Note	2025	2024
		SR	SR
Expenses relating to short-term leases	22	585,008	964,810
Depreciation on right-of-use assets	21	705,420	705,632
Accretion of finance costs under lease liabilities	24	120,280	167,347

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

7.3 Lease liabilities classified in the consolidated statement of financial position as at December 31 are as below:

	December 31, 2025	December 31, 2024
	SR	SR
Non-current portion of lease liabilities	729,839	1,404,617
Current portion of lease liabilities	674,777	623,869
	1,404,616	2,028,486

The future minimum lease payments have been discounted, using interest rate 8% per annum (2024: 8% per annum), to their present values.

The Group's remaining contractual maturity for its lease liabilities have been disclosed in note 30.4. The Group does not face a significant liquidity risk with regard to its lease liabilities, which are monitored to determine that these are settled in accordance with the relevant lease agreements.

8. INTANGIBLE ASSETS

	December 31, 2025	December 31, 2024
	SR	SR
Cost		
January 1	839,505	823,742
Additions	158,445	15,763
December 31	997,950	839,505
Accumulated amortization		
January 1	457,363	247,157
Amortization (note 22)	230,007	210,206
December 31	687,370	457,363
Net Book Value		
December 31,	310,580	382,142

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, demand deposits and highly liquid investments with original maturities of three months or less.

	December 31, 2025	December 31, 2024
	SR	SR
Cash at bank	3,938,041	2,195,489
Cash in hand	126,371	119,893
	4,064,412	2,315,382

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

10. ACCOUNTS RECEIVABLE

	December 31, 2025	December 31, 2024
	SR	SR
Accounts receivable		
- third parties	69,622,564	73,899,774
- related party (note 19)	87,347	-
	69,709,911	73,899,774
ECL allowance on accounts receivable	(23,330,167)	(12,362,959)
	46,379,744	61,536,815

The following table shows the movement in lifetime ECL that has been recognized for accounts receivable in accordance with the simplified approach set out in IFRS 9:

	December 31, 2025	December 31, 2024
	SR	SR
January 1,	12,362,959	12,312,363
Charge for the year	14,803,360	1,031,971
Write off during the year (note 10.1)	(3,836,152)	(981,375)
December 31,	23,330,167	12,362,959

The Group considers that default can occur when a financial asset or debtor is past due by more than the average credit limit of 30 to 90 days and in this case, debtors are segregated into various categories keeping in view the nature of debtors, their past track records and any other relevant and applicable information. Accordingly, the Group defines the default for each category of debtor based on delay in payment beyond the allowed average credit limit unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. No interest is charged on outstanding accounts receivables.

However, based on the historical collection pattern, the management considers that a customer will fall in default after 90 days and credit impaired category after one to two years of past due balance. Accordingly, the management believes that the balances within one year of past due will not result in material amount of credit loss.

The following table shows the ECL by gross accounts receivable aging:

	Current	0-180	181-365	> 365	Total
2025					
Gross accounts receivable	18,523,852	23,233,976	16,913,500	11,038,583	69,709,911
Less: ECL allowance	(1,167,078)	(1,996,817)	(11,542,236)	(8,624,036)	(23,330,167)
Net accounts receivable	17,356,774	21,237,159	5,371,264	2,414,547	46,379,744
Average loss rates (%)	6.30	8.59	68.24	78.13	33.47
	Current	0-180	181-360	> 365	Total
2024					
Gross accounts receivable	30,343,478	30,102,981	5,385,933	8,067,382	73,899,774
Less: ECL allowance	-	(2,407,571)	(1,998,911)	(7,956,477)	(12,362,959)
Net accounts receivable	30,343,478	27,695,410	3,387,022	110,905	61,536,815
Average loss rates (%)	0.00	8.00	37.11	98.63	16.73

10.1 During the year, the Group has written off accounts receivable amounting to SR 3.84 million.

10.2 Out of total gross accounts receivable, receivables amounting to SR 8.75 million (2024: SR 0.76 million) have been assessed individually on a case-by-case basis which comprised customers under litigation and ECL allowance has been booked for the full balances under litigation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

11.1 Contract assets

	December 31, 2025	December 31, 2024
	SR	SR
Unbilled revenue	9,341,738	9,118,198

Contract assets comprise of services provided to the customers in excess of the amount billed as at the year end. Any amount previously recognized as a contract asset is reclassified to accounts receivable at the point at which it is invoiced to the customer.

11.2 Contract liabilities

	December 31, 2025	December 31, 2024
	SR	SR
Contract liabilities	262,589	362,019

Contract liabilities amounts as of December 31, 2025 and 2024 mainly represent advances received from customers which are expected to be recognized as revenue within one year.

Management expects that a significant portion of the contract liabilities of SR 0.26 million (December 31, 2024: SR 0.36 million) will be recognized as revenue in the next financial year.

Contract liabilities of SR 0.17 million (December 31, 2024: SR 0.39 million) raised in prior year were recognized as revenue in the current year.

12. PREPAID EXPENSES AND OTHER ASSETS

	December 31, 2025	December 31, 2024
Prepaid expenses	4,280,213	3,969,569
Advances to suppliers (note 12.1)	2,409,719	5,197,012
Refundable deposit	1,047,332	1,015,124
Advance to employees	826,636	675,349
	8,563,900	10,857,054

12.1 Advances to suppliers include an allowance for impairment of advances to suppliers amounting to SR 1.2 million (2024: nil).

13. INVENTORIES

	December 31, 2025	December 31, 2024
	SR	SR
Consumables	2,103,986	3,074,979
Medicines	1,550,085	1,763,629
Medical supplies	1,031,438	960,330
	4,685,509	5,798,938

14. STATUTORY RESERVE

On 23 Shawal, 1445H (corresponding to 2 May 2024) the Company's Board of Directors approved amending the Company's by-laws to comply with the New Companies' Law issued on 23 Shawwal 1445H (corresponding to 2 May 2024), whereby Article No. 51 of the By-Laws relating to the statutory reserve was amended. Based on the recommendation of the Board of Directors, it was agreed to transfer the balance of the statutory reserve amounting to SR 5.4 million as in the consolidated financial statements for the year ended December 31, 2023 to the retained earnings balance. As per the Companies' regulations and Company's By- Laws, the Company has not transferred any balances to the statutory reserve from net profits during the current year or comparative period. This reserve was not available for distribution to shareholders. On April 17, 2024 the Company has transferred all of its statutory reserve to retained earnings with Board approval as per Company's latest by laws.

15. EMPLOYEES' END OF SERVICE BENEFITS

	December 31, 2025	December 31, 2024
	SR	SR
January 1,	7,211,561	5,161,805
Current service cost	1,901,998	1,735,174
Finance cost (note 24)	370,487	294,547
Loss on re-measurements	274,033	843,437
Paid during the year	(3,415,470)	(823,402)
December 31,	6,342,609	7,211,561

Expenses charged to consolidated statement of profit or loss during the year:

	December 31, 2025	December 31, 2024
	SR	SR
Current service cost	1,901,998	1,735,174
Finance cost (note 24)	370,487	294,547
Cost recognized in consolidated statement of profit and loss	2,272,485	2,029,721

Principal actuarial assumptions

Discount factor used	5.20%	4.5%
Salary increase rate	3%	3%
Mortality rates	WHO-SA 19	WHO-SA 19
Rates of employees turnover	Low	Low
Weighted average duration	7.06	7.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

15. EMPLOYEES END OF SERVICE BENEFITS (Continued)

Sensitivity analysis on present value of defined benefit obligations plan are as below:

	December 31, 2025		December 31, 2024	
	Percentage	SR	Percentage	SR
Discount rate				
Increase	1%	6,028,498	1%	6,840,449
Decrease	1%	6,690,487	1%	7,622,994
Expected rate of salary				
Increase	1%	6,667,024	1%	7,592,551
Decrease	1%	6,044,307	1%	6,860,139

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

16. BORROWINGS

16.1 Borrowings consist of the following:

	Current	Non-current	Total
	SR	SR	SR
2025			
Short-term borrowings	27,259,392	-	27,259,392
Long-term borrowings	262,292	3,422,710	3,685,002
	27,521,684	3,422,710	30,944,394
	Current	Non-current	Total
	SR	SR	SR
2024			
Short-term borrowings	7,551,032	-	7,551,032
Long-term borrowings	259,602	3,643,261	3,902,863
	7,810,634	3,643,261	11,453,895

16.2 Movement of borrowings for the current year is as follows:

	Short-term borrowings	Long-term borrowings	Total
	SR	SR	SR
1 January 2025	7,551,032	3,902,863	11,453,895
Received during the year	77,417,358	-	77,417,358
Finance charges for the year (note 24)	2,051,792	86,171	2,137,963
Repaid during the year	(58,019,118)	(215,172)	(58,234,290)
Payment of financial charges	(1,741,672)	(88,860)	(1,830,532)
31 December 2025	27,259,392	3,685,002	30,944,394
1 January 2024	894,256	4,068,356	4,962,612
Received during the year	8,414,799	-	8,414,799
Finance charges for the year (note 24)	334,525	138,539	473,064
Repaid during the year	(1,867,260)	(209,923)	(2,077,183)
Payment of financial charges	(225,288)	(94,109)	(319,397)
31 December 2024	7,551,032	3,902,863	11,453,895

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

16. BORROWINGS (Continued)

16.3 Short term borrowings

The Company has obtained multiple facilities from a local bank (“the Facilities”) which consist of Tawaruq, guarantee and letter of credit arrangements. As at December 31, 2025, total facilities available to the Company amounted to SR 53 million (December 31, 2024: SR 53 million) out of which the Company has utilized SR 27.30 million as at December 31, 2025 (December 31, 2024: SR 7.55 million). As per the agreements, the facilities are repayable in 3 to 6 months. The facilities carry financing charges at 3.79% to 8.22%. As per facility agreements, the Company may obtain new facilities after repaying the amount.

16.4 Long term borrowings

During 2022, the Company has obtained a land and building on loan from Ministry of Finance. The Ministry had previously provided this land and building on finance to a third party. During 2022, the ownership of the land and building is transferred from the third party to the Company. The Company paid SR 4 million to the third party on transfer. Total loan is amounting to SR 6.1 million which is repayable by the Company in 18 equal annual installments of SR 0.3 million each, commencing from July 28, 2022. The title deed of land is mortgaged in favor ministry of finance.

17. ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31, 2025	December 31, 2024
	SR	SR
Employees short term benefits	2,170,419	3,143,422
Accrued expenses	1,786,943	1,890,725
VAT payable	1,070,086	2,931,021
Accrued salaries payable	179,671	242,954
Commission	-	436,370
Others	260,138	46,364
	5,467,257	8,690,856

18. ZAKAT ACCRUAL

Movement in zakat accrual is as follows:

	December 31, 2025	December 31, 2024
	SR	SR
January 1,	1,387,802	1,320,299
Charge for the year	589,003	1,387,802
Paid during the year	(1,388,948)	(1,320,299)
December 31,	587,857	1,387,802

Zakat status

The Company submitted its Zakat returns for the years until December 31, 2024 and obtained a valid Zakat certificate until April 30, 2026. The Company has finalized zakat assessments for the years 2021 and 2024 from ZATCA, while the assessments for the remaining years are still under review by ZATCA.

From 2025, the Company started to file its zakat return on a consolidated basis including its 100% effectively owned subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

21. COST OF REVENUE

	2025	2024
	SR	SR
Employee related costs (note 26)	74,196,865	64,021,776
Outsourced staff costs	37,103,383	37,551,117
Materials consumed	14,542,573	15,466,106
Subcontractors	3,036,019	6,430,411
Equipment rentals	3,002,299	3,168,684
Depreciation on property and equipment (note 6.1)	2,606,912	1,450,890
Depreciation on right of use assets (note 7.2)	705,420	705,632
Repair and maintenance	800,224	493,867
Commission	330,343	120,755
Others	2,927,579	1,755,100
	139,251,617	131,164,338

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
	SR	SR
Employee related costs (note 26)	19,987,804	23,732,539
Legal and professional fee (note 22.1)	4,221,469	2,596,001
Depreciation on property and equipment (note 6.1)	1,675,385	1,634,518
Repairs and maintenance	903,885	526,856
Insurance	853,564	798,786
Utilities	635,347	829,298
Short term leases (note 7.2)	585,008	964,810
Travelling	395,596	791,993
Bank charges	297,007	125,301
Amortisation of intangible assets (note 8)	230,007	210,206
Board members' remunerations and allowances (note 19)	220,000	-
Others	3,542,799	1,117,725
	33,547,871	33,328,033

22.1 The professional fees for auditing the annual consolidated financial statements and reviewing the semi-annual interim consolidated financial statements for the Group amounted to SR 240,000 (2024: SR 151,000).

23. SELLING AND MARKETING EXPENSES

	2025	2024
	SR	SR
Marketing expenses	1,565,465	752,063
Employee related costs (note 26)	1,013,474	123,800
	2,578,939	875,863

24. FINANCE COST

	2025	2024
	SR	SR
Short term borrowings (note 16)	2,051,792	334,525
Finance cost on employees end of service benefits (note 15)	370,487	294,547
Lease liabilities (note 7.2)	120,280	167,347
Long term borrowings (note 16)	86,171	138,539
Others	38,050	15,110
	2,666,780	950,068

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FOR THE YEAR ENDED DECEMBER 31, 2025

25. OTHER INCOME

	<u>2025</u>	<u>2024</u>
	SR	SR
Miscellaneous income	12,316	438,590

26. EMPLOYEE SALARIES AND STAFF RELATED BENEFITS

	<u>2025</u>	<u>2024</u>
	SR	SR
Salaries and staff related benefits charged to:		
Cost of revenue (note 21)	74,196,865	64,021,776
General and administrative expenses (note 22)	19,987,804	23,732,539
Selling and marketing expenses (note 23)	1,013,474	123,800
	95,198,143	87,878,115

These salaries and staff related benefits include the current service cost related to employees end of service benefits obligations amounting to SR 1.90 million (2024: SR 1.74 million) (note 15).

27. CONTINGENCIES AND COMMITMENTS

As at December 31, 2025 and 2024, the Group has following contingencies and commitments:

	<u>2025</u>	<u>2024</u>
	SR	SR
Letter of guarantees	7,088,210	1,060,610
Letter of credit	-	591,595
Commitments	-	2,426,920

28. (LOSS) / EARNINGS PER SHARE

(Loss) / earnings per share for the year is calculated by dividing the net (loss) / profit for the year attributable to ordinary shareholders by the weighted average number of shares outstanding during the year. (Loss) / earnings per share is stated as follows:

	<u>2025</u>	<u>2024</u>
	SR	SR
Net (loss) / profit for the year attributable to the ordinary shareholders of the Group used in calculating basic and diluted (loss) / earnings per share:	(10,321,822)	23,514,754
Weighted average number of ordinary shares outstanding during the year	40,000,000	40,000,000
Basic and diluted (loss) / earnings per share	(0.26)	0.59

29. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table combines information about classes of financial instruments based on their nature and characteristics and the carrying amounts of financial instruments:

	December 31, 2025	December 31, 2024
	SR	SR
Financial assets measured at amortised cost		
Cash and cash equivalents	4,064,412	2,315,382
Accounts and other receivables	47,427,076	62,551,939
Total financial assets measured at amortised cost	51,491,488	64,867,321
Financial liabilities measured at amortised cost:		
Accounts payable and other liabilities	20,656,089	24,206,828
Lease liabilities	1,404,616	2,028,486
Short term borrowings	27,259,392	7,551,032
Long term borrowings	3,685,002	3,902,863
Total financial liabilities measured at amortised cost	53,005,099	37,689,209

The carrying values of the financial instruments reported in the consolidated statement of financial position approximate their fair values.

30. FINANCIAL RISK MANAGEMENT

The Group's activities are subject to financial risks such as market risk, credit risk and liquidity risk.

30.1 Market risk

Market risk is the risk from changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. There has been no change during the year to the Group's exposure to market risks or the manner in which these risks are managed and measured.

(i) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional and reporting currency is the Saudi Riyal. The Group's transactions are principally in Saudi Riyal, US Dollar and UAE Dirham, which are currently pegged. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not significant.

(ii) Interest rate risk

Interest rate risk is the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's consolidated financial positions and consolidated cash flows. The Group is exposed to interest rate risk on its interest bearing assets and liabilities mainly bank facilities and other borrowings. Management limits the Group's interest rate risk by monitoring changes in interest rates and believes that the cash flow and fair value interest rate risk to the Group is not significant.

The Group's receivables and payables carried at amortized cost are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Hence, the Group is not exposed to fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

30. FINANCIAL RISK MANAGEMENT (Continued)

30.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Potential concentrations of credit risk consist principally of accounts receivable, amounts due from related parties. Details of how credit risk relating to accounts receivable is managed are disclosed in note 10. The amounts due from related parties are monitored and provision is made, where necessary, for any irrecoverable amounts. The Group does not hold any collateral to cover the credit risk associated with its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	December 31, 2025	December 31, 2024
	SR	SR
Cash and cash equivalents	4,064,412	2,315,382
Accounts and other receivables	47,427,076	62,551,939
	51,491,488	64,867,321

Accounts receivable

The Group measures the loss allowance for accounts receivable at an amount equal to the lifetime expected credit loss ("ECL"). The collective basis ECL on accounts receivable are estimated using a provision matrix by reference to historical loss rates and adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date based on the management best estimate. Accordingly, the ECL is primarily based on the historical past due information and related loss rates and no significant assumptions were incorporated in the ECL model used to calculate the collective provision. Further, based on the management assessment, the forward-looking information i.e. economic factor also does not significantly impact the ECL loss and therefore the related sensitivities are not disclosed.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the consolidated statement of financial position.

The Group evaluates the concentration of risk with respect to accounts receivable as low, as its customers are located in several industries and the ECL assessment is performed.

Refer to note 10 for the expected credit loss analysis as of December 31, 2025 and 2024.

Cash deposits

The credit risk on bank balances is low considering the Group has outstanding loans balances and credit facilities with various banks, in Saudi Arabia, with good credit ratings (in the range of A+ to BBB+) as aligned from external credit rating companies such as Moody's and Fitch, so concentration risk is also low.

30.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

For maturity profile of the Group's financial liabilities, refer to note 30.4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

30. FINANCIAL RISK MANAGEMENT (Continued)

30.4 Maturity profile of financial liabilities (undiscounted basis):

	Interest Rate (%)	Carrying amount	Within 1 year	2 to 5 years	Over 5 years	Total
2025			SR	SR	SR	SR
Lease liabilities	8	1,404,616	744,150	744,150	-	1,488,300
Long-term borrowings	2.5	3,685,002	304,032	1,216,128	2,736,273	4,256,433
Short-term borrowings	3.79 – 8.22	27,259,392	27,452,218	-	-	27,452,218
Accounts payables and other liabilities	Interest free	20,656,089	20,656,089	-	-	20,656,089
		53,005,099	49,156,489	1,960,278	2,736,273	53,853,040
2024			SR	SR	SR	SR
Lease liabilities	8	2,028,486	744,150	1,488,300	-	2,232,450
Long-term borrowings	2.5	3,902,863	304,032	1,216,128	3,040,305	4,560,465
Short-term borrowings	5.01 – 9.84	7,551,032	7,679,843	-	-	7,679,843
Accounts payables and other liabilities	Interest free	24,206,828	24,206,828	-	-	24,206,828
		37,689,209	32,934,853	2,704,428	3,040,305	38,679,586

31. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. For capital management purposes, capital was considered as equal to the total equity of the Group.

The information relating to capital risk management of the Group as of December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
	SR	SR
Total debt (Borrowing and lease liabilities)	32,349,010	13,482,381
Less: cash and bank balances	(4,064,412)	(2,315,382)
Net debt	28,284,598	11,166,999
Total equity	46,643,155	67,239,010
Total capital employed	74,927,753	78,406,009
Gearing ratio (percentage)	38%	14%

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32. SUPPLEMENTARY INFORMATION

32.1 Change in liabilities arising from financing activities for the year ended December 31, 2025 can be broken down as follows:

	As at January 1, 2025	Principal received	Interest expense	Principal repaid	Interest paid	As at December 31, 2025
	SR	SR	SR	SR	SR	SR
Short term borrowings	7,551,032	77,417,358	2,051,792	(58,019,118)	(1,741,672)	27,259,392
Long term borrowings	3,902,863	-	86,171	(215,172)	(88,860)	3,685,002
Lease liabilities	2,028,486	-	120,280	(623,870)	(120,280)	1,404,616
	<u>13,482,381</u>	<u>77,417,358</u>	<u>2,258,243</u>	<u>(58,858,160)</u>	<u>(1,950,812)</u>	<u>32,349,010</u>

Change in liabilities arising from financing activities for the year ended December 31, 2024 can be broken down as follows:

	As at January 1, 2024	Principal received	Interest expense	Principal repaid	Interest paid	As at December 31, 2024
	SR	SR	SR	SR	SR	SR
Short term borrowings	894,256	8,414,799	334,525	(1,867,260)	(225,288)	7,551,032
Long term borrowings	4,068,356	-	138,539	(209,923)	(94,109)	3,902,863
Lease liabilities	2,605,289	-	167,347	(576,803)	(167,347)	2,028,486
	<u>7,567,901</u>	<u>8,414,799</u>	<u>640,411</u>	<u>(2,653,986)</u>	<u>(486,744)</u>	<u>13,482,381</u>

33. FAIR VALUE

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. As these consolidated financial statements are prepared under the historical cost method, differences may arise between the book values and the fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

34. COMPARATIVE FIGURES

Following comparative figures have been reclassified to conform to the presentation in the current year.

Description	Note	From	To	Amount SR
Reclassification of marketing expense	34.1.1	General and administrative expenses	Selling and marketing expense	752,063
Reclassification of employee related costs	34.1.2	General and administrative expenses	Selling and marketing expense	123,800

34.1.1 As per the requirements of IFRS, the Group has reclassified marketing expense from general and administrative expenses to selling and marketing expenses in consolidated statement of profit or loss and other comprehensive income as a separate line item.

34.1.2 As per the requirements of IFRS, the Group has reclassified employee related costs related to the selling and marketing department from general and administrative expenses to selling and marketing expenses in consolidated statement of profit or loss and other comprehensive income as a separate line item.

All of the above reclassifications have been made for better presentation and to enhance the comparability of consolidated financial statements and did not impact consolidated statement of financial position, the equity, net profit, or cash flows of the Group for the previous year.

35. SUBSEQUENT EVENT

Other than as stated in note 1, there were no other significant subsequent events, adjusting or non-adjusting, since December 31, 2025 that would have a material impact on the consolidated financial position or consolidated financial performance of the Group as reflected in these consolidated financial statements.

36. DIVIDEND

Dividends of SR 0.25 per share (2024: SR 0.17 per share), amounting to SR 10 million (2024: SR 6.89 million) were declared during the year ended December 31, 2025. Dividends paid during the year to ordinary shareholders amounted to SR 9.99 million (December 31, 2024: SR 8.10 million).

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors for issuance on Shawwal 10, 1447H corresponding to March 29, 2026.