Earnings Release

Care Medical delivers impressive 29% revenue growth in 1Q 2025 despite anticipated Ramadan slowdown driven by organic and inorganic expansion

- Revenue in 1Q 2025 rose by a robust 29% year-on-year to SAR 385 million on the back of increased patient numbers resulting from strong key client referrals and newly acquired branches.
- The year-on-year revenue expansion was particularly impressive when considering the anticipated impact of Ramadan on patient traffic, with 1Q 2025 capturing 30 days of Ramadan.
- EBITDA for 1Q 2025 surged by 38% year-on-year to SAR 123 million, yielding an improved margin of 31.8%, up 2.0 percentage points from 1Q 2024.
- Net profit for 1Q 2025 grew by 5% year-on-year to SAR 85 million, with an associated net profit margin of 22.2%. Bottom-line growth comes despite a one-off Zakat provision reversal of SAR 16 million booked in the corresponding quarter of last year which had significantly boosted the company's bottom-line in 1Q 2024.
- Total patient count expanded by 37% year-on-year, reaching 227.2 thousand, supported by growth at existing facilities and the successful integration of new branches.
- Bed capacity grew by 24% year-on-year to 1,174 beds largely reflecting the addition of Al Salam Hospital’s 100 beds capacity and expansions in legacy hospitals. Meanwhile, occupancy rates continued to improve, reaching 80.9% in 1Q 2025, marking a remarkable 15.9 percentage points year-on-year increase.
- Al Salam Hospital turned profitable in 1Q 2025, outperforming expectations and despite the typical business slowdown associated with the month of Ramadan.

Riyadh, 12 May 2025 – Care Medical reported strong operational and financial results in the first quarter of 2025, achieving a 29% year-on-year increase in revenue to SAR 385 million. This significant growth was primarily driven by increased revenues from GOSI, a SAR 32 million contribution of the newly acquired Al Salam Hospital, and solid contributions from the Prince Sultan Military Medical City contract. Profitability also improved with EBITDA and its associated margin expanding to SAR 123 million and 31.8% in 1Q 2025, representing year-on-year improvements of 38% and 2.0 percentage points versus 1Q 2024. Meanwhile, net profit recorded SAR 85 million for the quarter, expanding by 5% year-on-year despite last year's figure having been significantly boosted by a one-off Zakat provision reversal of SAR 16 million.

Strategy

Care Medical, a leading healthcare provider in Saudi Arabia, kicked off 2025 continuing to capitalize on its unique strengths and reputation to further expand access to quality healthcare while driving sustained operational improvements across all aspects of the business. Under its transformation strategy launched in 2021, Care Medical has completed several acquisitions which have broadened its capacity and extended its reach, enabling the company to serve a larger and more diverse pool of patients across the Kingdom. These strategic moves were complemented by continued efforts to maintain and improve margins, streamline operations, and introduce new services. Supported by increased government referrals and a relentless focus on efficiency, Care Medical has successfully enhanced the way it operates while continuously expanding access to quality care. These efforts reflect the company's focus on sustainable growth and long-term value creation, as well as its mission to support the betterment of the communities in which it operates through increased access to high quality care and treatments.

Dr. Abdulaziz bin Saleh Alobaid, Chief Executive Officer of Care Medical, said: "Care Medical delivered a strong start to 2025 building on the strategic expansions and operational improvements implemented throughout 2024. Our first quarter results demonstrate our ability to effectively integrate new assets and enhance performance across our network.

A key highlight of this past quarter is the remarkable progress achieved at our newly acquired Al Salam Hospital in Riyadh. Despite having only been added to our network in October 2024, the turnaround strategy implemented by our team has already surpassed our initial expectations, with the facility turning profitable in 1Q 2025. This outstanding milestone, which was achieved well ahead of schedule and despite the anticipated seasonal slowdown associated with the holy month of Ramadan, continues to highlight both the significant growth potential offered by the asset as well as our team's proven expertise in optimizing hospital operations and creating value.

Our ongoing focus on strengthening core operations, expanding services, and leveraging platforms like ReLib continues to solidify our leading market position and bolster our financial results. The positive momentum from this quarter reinforces our confidence in our transformation strategy, and we remain committed to driving sustainable growth and delivering long-term value for our patients, shareholders, and the Kingodom's healthcare ecosystem."

Jahanzeb Ahmed Khan, Chief Financial Officer of Care Medical, added: "Our financial performance in 1Q 2025 reflects a strong start to the year, driven by both organic growth and the successful integration of recent acquisitions. During the first quarter of the year, we achieved an impressive year-on-year revenue increase of 29%, despite the entire month of Ramadan falling during the first quarter in 2025. This growth was underpinned by several key drivers, including increased revenue from GOSI, which grew by 46% year-on-year, rising contributions from Al Salam Hospital, and robust contributions from the Prince Sultan Military Medical City contract.

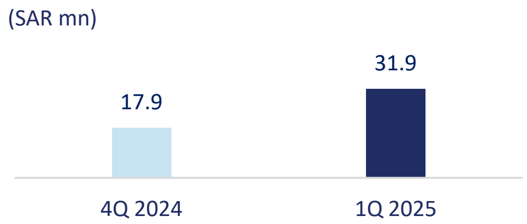
Strong top-line growth translated into improved profitability, demonstrating effective cost management alongside our expansion efforts. EBITDA for the quarter expanded by 38% year-on-year to SAR 123 million, resulting in an EBITDA margin expansion of 2.0 percentage points to 31.8%. Net profit also grew by 5% year-on-year to SAR 85 million, achieved despite a one-off boost to last year's bottom-line coming from a SAR 16 million Zakat provision reversal. These results set the tone for what we are looking to achieve in 2025, as we continue to diligently execute our multi-pronged growth and value creation strategies."

Update on Al Salam Hospital

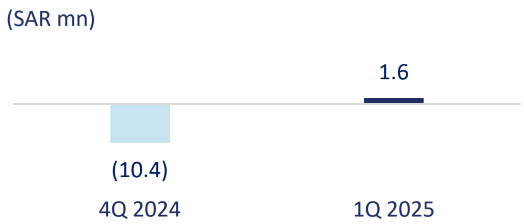
Following the strategic acquisition of Al Salam Hospital in October 2024, Care Medical has made significant strides in integrating and improving the 100-bed facility located in the heart of Riyadh. Acquired for SAR 44 million (SAR 440 thousand per bed), the hospital presented opportunities for operational enhancement despite initial challenges with underutilization and finances. Moreover, its proximity to the company's Al Rawabi facility offers synergistic potential, further boosting the facility's future upside.

Since the acquisition, Al Salam has shown significant progress. The multi-phase turnaround strategy devised for the facility has initially focused on enhancing management practices, optimizing spending, and strengthening ties with key government entities and insurance companies. The company's efforts have already paid off, with the facility turning profitable in 1Q 2025, significantly quicker than typical hospital turnarounds times which require 12-24 months.

Al Salam Total Revenue, 1Q 2025



Al Salam Net Profit Before Zakat, 1Q 2025



Operational and Financial Review

Operating Indicator Highlights

	1Q2025	1Q2024	YoY, %	1Q2025 LfL	YoY, %
Inpatient Admissions	6,782	4,810	+41%	5,408	+13%
Outpatient Visits	220,440	161,115	+37%	173,706	+11%
Total Patients	**227,222**	**165,925**	**+37%**	**179,114**	**+11%**
Inpatient Days	85,290	56,032	+52%	61,709	+52%
Bed Capacity	1,174	946	+24%	825	+15%
Bed Occupancy Rate (%)	80.9%	65.0%	+15.9 ppts	83.3%	+21.1 ppts
ALOS, Total (days)	12.6	11.6	+8%	11.4	+34%
Number of surgeries	5,925	4,095	+45%	4,842	18%

Notes:

1. The 1Q 2025 indicators include the results of the Rawabi branch, Malaz branch, Haram branch (Jiwar), launched in December 2023, Al Balad branch (formerly Chronic Care), acquired in 4Q 2023, Al Salam branch, acquired in October 2024, and ReLib (Mental Health Platform), launched in 4Q 2024. The 1Q 2025 LfL (like-for-like) and 1Q 2024 indicators include only the results of the Rawabi and Malaz branches.
2. "ALOS, Total" represents the total average length of stay for inpatients at the company's facilities.

In 1Q 2025, Care Medical recorded a 37% year-on-year increase in total patient count, reaching 227,222 patients. This growth was dual-driven by a 37% rise in outpatient visits and a 41% increase in inpatient admissions.

The rise in outpatient visits during the first quarter of 2025 was largely attributable to the successful integration of the newly acquired Al Salam Hospital, which contributed a significant 40,504 visits. This primary driver was complemented by continued positive performance from established facilities. Specifically, the Rawabi branch saw an 11% year-on-year increase in visits, while the Malaz branch recorded a 10% year-on-year rise. Additional outpatient volumes from the Haram branch also supported overall growth.

Inpatient admissions experienced strong growth in 1Q 2025, increasing by 41% year-on-year to 6,782 inpatient admissions. This growth was driven by several factors including a notable 1,303 admissions from Al Salam Hospital, as well as an increase in patient volumes at the Rawabi and Malaz facilities supported by the ramp-up of the Prince Sultan Military Medical City contract. Secured in 2Q 2024, this three-year long-term care agreement has been increasingly boosting inpatient volumes during the second half of last year and the first part of 2025. Inpatient volume growth also in part reflects a proactive strategy implemented by the company over the past year, aimed at diversifying its patient base and strategically reallocating bed capacity to serve key clients, including GOSI, the Ministry of Health, and insurance companies.

Mirroring the rise in admissions, surgical procedures saw a substantial increase. The total number of surgeries across Care Medical's facilities surged 45% year-on-year in Q1 2025, reaching 5,925 procedures. The newly integrated Al Salam Hospital was a key contributor to this growth, accounting for 18% of the total surgeries performed. This significant addition was complemented by an 18% rise in surgical volumes at Rawabi and Malaz branches.

In the first quarter of 2025, inpatient days surged by 52% year-on-year, with significant growth observed at both the Rawabi and Malaz branches. This growth stemmed mainly from increased demand for long-term care services from patients under the Prince Sultan Military Medical City contract and complex case referrals from GOSI. This increased demand for long-term care extended the average length of stay (ALOS) at the Rawabi and Malaz branches to 11.4 days in 1Q 2025, compared to 8.5 days in 1Q 2024. Company-wide when accounting for all facilities, the ALOS reached 12.6 days in 1Q 2025.

Care Medical's bed capacity expanded in 1Q 2025, growing by 24% year-on-year to 1,174 beds. This increase was driven by the addition of the Al Salam branch, the launch of the ReLib mental health platform, and recent renovations in Rawabi. The additional Rawabi capacity is in the process of getting licensed.

Despite rising capacity, bed occupancy rates marked a substantial improvement from 65.0% in 1Q 2024 to 80.9% in 1Q 2025. It is worth noting that occupancy rates at Rawabi and Malaz in the first quarter of 2024 had come under pressure following the concurrent conclusion of the National Guard contract and the new capacity additions rolled out in anticipation of the new Prince Sultan Military Medical City contract. Since then, proactive efforts by management to diversify the facilities' patient mix coupled with rising contributions from the new three-year Prince Sultan agreement have seen improvements in occupancy rates at both facilities, which reached 83.3% in 1Q 2025 versus 62.2% this time last year.

Income Statement Highlights

SAR million	1Q2025	1Q2024	YoY, %
Revenue	385	299	+29%
Cost of revenue	(242)	(188)	+29%
Gross profit	**143**	**110**	**+30%**
Selling & marketing	(3)	(1)	+132%
General & administrative	(47)	(31)	+51%
Provisions & other	4	(7)	N/A
Total operating expenses	**(46)**	**(38)**	**+21%**
Operating profit (EBIT)	**97**	**72**	**+34%**
EBITDA	**123**	**89**	**+38%**
Net profit	**85**	**81**	**+5%**
Gross profit Margin	37.1%	36.9%	+0.2 ppts
EBIT Margin	25.2%	24.2%	+1.0 ppts
EBITDA Margin	31.8%	29.8%	+2.0 ppts
Net profit Margin	22.2%	27.2%	-5.1 ppts
ROAE	20.4%	21.8%	-1.3 ppts
ROAA	13.4%	14.6%	-1.2 ppts

Care Medical achieved a strong 29% year-on-year revenue increase in Q1 2025, reaching SAR 385 million. This remarkable performance was primarily fueled by higher patient volumes associated with GOSI cases, the contribution from the newly integrated Al Salam Hospital, and additional revenue generated through the Prince Sultan Military Medical City contract.

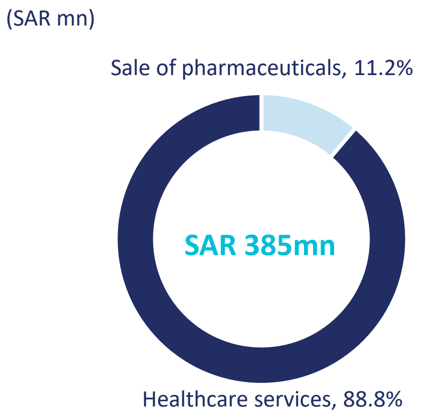
Total cost of revenue in 1Q 2025 rose by 29% year-on-year to SAR 242 million. As a share of revenue, total cost of revenue declined to 62.9% in 1Q 2025 versus 63.1% in the comparable quarter of last year, reflecting ongoing company-wide efforts to improve efficiency. As such, gross profit for the three-month period grew by 30% year-on-year to SAR 143 million, with an associated gross profit margin of 37.1% versus 36.9% in 1Q 2024.

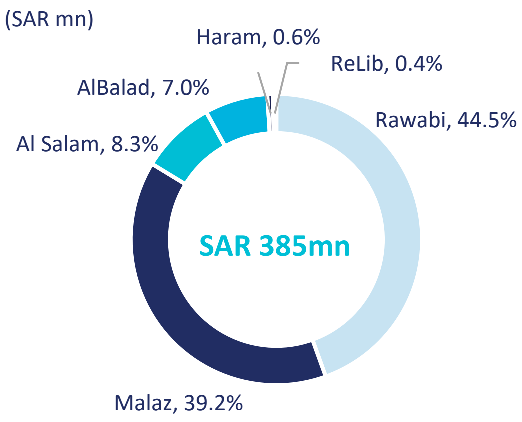
Operating expenses increased 21% year-on-year on the back of a 54% year-on-year rise in selling, general, and administrative expenses (SG&A) related to the newly acquired assets as well as ongoing efforts to strengthen the company's head office team. This increase was partially offset by an ECL provision reversal related to better recoveries and settlements. As a result, both operating profit and EBITDA improved in 1Q 2025. More specifically, EBITDA grew 38% year-on-year, reaching SAR 123 million with an improved EBITDA margin of 31.8%, up 2.0 percentage points from 29.8% in 1Q 2024.

Net profit for 1Q 2025 increased by 5% year-on-year to SAR 85 million, with an associated net profit margin of 22.2%, down 5.1 percentage points compared to 1Q 2024. It is important to note that the year-on-year comparison is significantly impacted by a one-off Zakat provision reversal of approximately SAR 16 million recorded in Q1 2024. Adjusting for this reversal, the normalized net profit for Q1 2025 shows a stronger underlying growth of approximately 30% year-on-year.

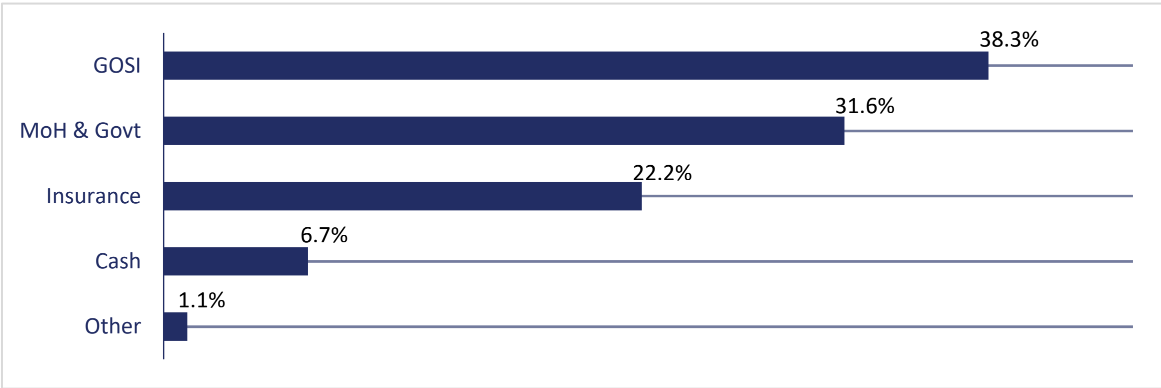
Total Revenue by segment, 1Q 2025

Total Revenue by hospital, 1Q 2025





Total Revenue by payer, 1Q 2025



In 1Q 2025, Care Medical reported total revenue of SAR 385 million, a 29% increase year-on-year, with healthcare services growing by 30% year-on-year and contributing to 89% of total revenue. The company's Rawabi facility remained the primary revenue contributor, accounting for 45% of total revenue, followed by Malaz (39%) and Al Salam (8%). It is worth noting that the newly acquired Al Salam facility was the primary growth driver for the quarter at 37%, followed by Rawabi at 35%, and Malaz at 24%.

During the first three months of the year, revenue streams from government contracts showed robust performance. More specifically, revenue linked to the General Organization for Social Insurance (GOSI) rose by 46% year-on-year due to an increase in occupational hazard referrals, while contracts with the Ministry of Health (MoH) and other government bodies also achieved strong double-digit growth. The insurance segment also contributed positively with double-digit growth, fueled by higher patient visits and improved insurance policy uptake.

At the cash-paying segment, targeted management initiatives introduced throughout 2024drove an impressive 31% year-on-year rise in revenue. It is worth noting that to counteract challenges in cash revenue during 2024, Care Medical strategically strengthened partnerships and shifted its service focus towards areas with higher demand, such as dental and cosmetic treatments.

Cost Trends

SAR million	1Q2025	1Q2024	YoY, %
Salaries and benefits	149	127	+18%
Medicines and consumables	68	43	+57%
D&A	18	12	+42%
Repairs and maintenance	4	3	+1.4x
Rent, utilities and other	4	3	+26%
Total Cost of revenues	**242**	**188**	**+29%**
Selling & marketing	3	1	+132%
General & administrative	47	31	+51%
Provisions for ECL	(4)	7	N/A
Other	(1)	(1)	-0.5x
Total Operating Expenses	**46**	**38**	**+21%**
Total Expenses	**288**	**226**	**+27%**

In 1Q 2025, Care Medical's total expenses increased by 27%, largely due to a 29% rise in the cost of revenue. Rising costs for the quarter were primarily driven by increased salaries and benefits associated with the newly acquired facilities as well as higher compensation paid out as part of the company's revenue-sharing model with part-time doctors. Meanwhile, higher medicine and consumables outlays principally reflects a rise in surgical procedures during the quarter.

Operating expenses grew by 21% year-on-year, mainly reflecting higher general and administrative expenses as the company continues to strengthen its head office staff with strategic hires across multiple functions. This increase was partially mitigated by the reversal of an ECL provision related to better recoveries and settlements. This reversal is due to recoveries from and settlements with insurance companies. Further ECL provision reversals are anticipated as additional settlements are finalized.

EBITDA and Net Profit

SAR million	1Q2025	1Q2024	YoY, %
EBITDA	**123**	**89**	**+38%**
Depreciation & amortization	(25)	(17)	+53%
Finance income / (cost)	(2)	2	N/A
Zakat expense	(10)	7	N/A
Net Profit	**85**	**81**	**+5%**

Care Medical's EBITDA for 1Q 2025 grew by 38% year-on-year to SAR 123 million, supported by revenue growth and cost efficiencies.

Net finance costs for 1Q 2025 amounted to SAR 2 million reflecting higher finance expenses. Meanwhile, the company's bottom-line expanded by 5% year-on-year in 1Q 2025 to SAR 85 million. Net profit margin for the period stood at 22.2% versus 27.2% in the same quarter of the previous year. It is important to note that last year's bottom-line margin was significantly boosted by a one-off SAR 16 million Zakat provision reversal.

Cash Flow Highlights

SAR million	1Q2025	1Q2024	YoY, %
Net Profit before zakat	**95**	**74**	**+28%**
Non-cash adjustments	31	28	+1.1x
Working capital changes	33	(16)	N/A
Zakat, finance income, and end-of-service benefits	(2)	(40)	-96%
Net cash, operations	**157**	**46**	**239%**
Capex	(23)	(168)	-87%
Net cash, investing activities	**205**	**(168)**	**N/A**
Net cash, financing activities	**(24)**	**(6)**	**+330%**
Net changes in cash	**338**	**(128)**	**N/A**

In 1Q 2025, Care Medical's cash flow from operations totaled SAR 157 million, a 239% increase year-on-year. This substantial growth was primarily driven by higher recoveries from trade accounts receivable and increased finance income. Contributing factors also included lower trade account payables and reduced overall cash outflows during the period. Furthermore, the absence of any Zakat payment outflow in 1Q 2025, compared to the corresponding quarter in 2024, further supported the strong cash flow performance, leading to improved working capital and liquidity.

Net cash flow from investing activities in 1Q 2025 was SAR 205 million, largely influenced by capital expenditures and time deposits. Capital expenditure during the quarter amounted to SAR 23 million, relating to building and leasehold improvements as well as medical equipment. These investments were more than offset by SAR 228 million in returned time deposits in 1Q 2025. Net outflow from financing activities was SAR 24 million, reflecting payments on loans and lease liabilities.

As a result of these factors, Care Medical saw a net increase in cash and cash equivalents of SAR 338 million in 1Q 2025. As of March 31, 2025, the company's cash reserves stood at SAR 602 million, positioning the company well for continued operational and strategic expansion initiatives.

Balance Sheet Highlights

SAR million	1Q2025	4Q2024	YtD, %
Total Non-Current Assets	1,270	1,273	-0%
Total Current Assets	1,307	1,229	+6%
Total Assets	**2,577**	**2,502**	**+3%**
Total Equity	**1,715**	**1,630**	**+5%**
Total Non-Current Liabilities	502	524	-4%
Total Current Liabilities	360	348	+3%
Total Liabilities	**862**	**873**	**-1%**
Cash, equiv. & time deposits	677	567	+19%
Net Debt[1]	(211)	(79)	+167%
Days Sales Outstanding[2]	128	152	-16%
Days Payable Outstanding[2]	99	112	-12%
Days Inventory Outstanding[2]	76	84	-10%
Cash Conversion Cycle[2]	105	124	-15%

As of March 31, 2025, Care Medical's total assets increased by 3% year-to-date, reaching SAR 2,577 million. This growth was driven by an increase in current assets, as higher cash and cash equivalents outweighed the decline in trade receivables and term deposits.

Total liabilities declined by a marginal 1% year-to-date to SAR 862 million. This was mainly due to a 4% decrease in non-current liabilities, driven by lower lease liabilities and long-term loans. Current liabilities increased by 3% year-to-date as Zakat provisions rose to SAR 35 million.

As of March 31, 2025, Care Medical’s net debt position stood at a negative SAR 211 million, reflecting a 167% increase year-to-date. This change was primarily driven by higher total debt and lower time deposits.

Days sales outstanding (DSO) improved by 16% year-to-date, standing at 128 days in 1Q 2025 (YTD) compared to 1Q 2024 (YTD). This was balanced by a reduction in days payable outstanding (DPO). Meanwhile, the inventory turnover period shortened to 76 days. Overall, the cash conversion cycle shortened by 15% to 105 days in 1Q 2025 (YTD), down from 124 days in 4Q 2024 (YTD).

[1] Including time deposits
[2] Based on YTD indicators. DPO, DSO, and DIO are calculated based on Care methodology.

Earnings Call

The company is holding an earnings call to discuss 1Q 2025 financial results with analysts and investors on Wednesday, 14 May 2025, at 3:00 pm Riyadh time (1:00 pm London, 4:00 pm Dubai, 8:00 am New York).

Webcast link: Care Medical 1Q 2025 webcast

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About Care

Care Medical (Care, Tadawul: 4005) is a leading healthcare provider based in Riyadh, Kingdom of Saudi Arabia. The company operates multiple facilities, including two full-service hospitals in Riyadh – Rawabi and Malaz – as well as Haram branch, an emergency department in Mecca's Grand Mosque area. Its network also includes Al Balad branch in Jeddah, specializing in long-term nursing, hospice, and palliative care, and the recently acquired Al Salam general hospital in Riyadh. In 2024, Care Medical expanded its service offerings with the launch of the ReLib mental health platform.

With a team of more than 4,100 healthcare practitioners, administrators, and support staff, Care Medical treated 742.5 thousand patients and performed over 21 thousand surgeries in 2024. The company reported revenue of SAR 1,294 million (+20% year-on-year), an EBITDA of SAR 377 million (29.2% margin), and a net profit of SAR 298 million (23.0% margin).