NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Independent auditor's report to the shareholders of National Medical Care Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Medical Care Company (the "Company") and its subsidiaries (together the "Group") as at 31 December 2024, 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 the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited
The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- 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 policy information 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

Our audit approach

Overview

Key Audit Matter	Revenue recognition - estimation of variable consideration relating to medical rejections

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition - estimation of variable consideration relating to medical rejection During the year ended 31 December 2024, the Group recorded total revenue amounting to Saudi Riyals 1,293.7 million. The Group recognizes revenue upon satisfaction of performance obligation related to medical and related services at the fair value of consideration received or receivable, net of variable consideration.	We performed the following procedures in relation to the management's assessment of estimation of variable consideration relating to medical rejection: • Assessed the appropriateness of the Group's revenue recognition accounting policies in context of variable consideration, by considering the requirements of IFRS 15; • Obtained a detailed understanding of the design of the management's process established for estimation of variable consideration relating to medical rejection;

Key audit matter	How our audit addressed the Key audit matter
Certain contracts with customers include an element of implicit variable consideration, primarily relating to medical rejection against claims submitted. We have considered estimation of variable consideration relating to medical rejections as a key audit matter because such estimation involves significant judgement on the part of management. *Refer to note 3.2 for the accounting policy related to estimation of variable consideration and note 4.2 (a) for accounting estimates in the accompanying consolidated financial statements.*	• Evaluated the appropriateness of significant accounting judgements and estimation made by the management to determine variable consideration; • Performed retrospective review of actual claims settled (on a sample basis) against gross claims to assess the reasonableness of rejection rates used by the management; and • Considered the adequacy of the related disclosures in the accompanying consolidated financial statements.

Independent auditor's report to the shareholders of National Medical Care Company (continued)

Other information

Management is responsible for the other information. The other information comprises information included in the Annual Report of the Group but does not include the consolidated financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the 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 SOCPA, and the applicable requirements of the Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent auditor's report to the shareholders of National Medical Care Company (continued)

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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.

Independent auditor's report to the shareholders of National Medical Care Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

PricewaterhouseCoopers

Bader I. Benmohareb
License No. 471

26 February 2025

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of profit or loss and other comprehensive income
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2024	2023
Revenues	6	**1,293,685,328**	1,081,783,416
Cost of revenues	7	**(839,603,407)**	(712,150,346)
Gross profit		**454,081,921**	369,633,070
Selling and marketing expenses		**(11,318,031)**	(8,527,367)
General and administrative expenses	8	**(161,823,916)**	(118,780,191)
Expected credit loss (allowance) reversal	17	**(32,717,890)**	369,599
Reversal of charge against legal claims	34	**42,335,866**	-
Other operating income	9	**6,326,191**	4,028,316
Operating profit		**296,884,141**	246,723,427
Finance income	10	**19,479,691**	21,366,810
Finance cost	11	**(22,736,430)**	(3,495,496)
Profit before zakat		**293,627,402**	264,594,741
Zakat reversal (expense)	26	**4,536,264**	(23,667,355)
Profit for the year		**298,163,666**	240,927,386
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain (loss) on remeasurement of employee benefit obligations	24	**1,719,023**	(6,229,947)
Total comprehensive income for the year		**299,882,689**	234,697,439
Earnings per share			
Basic and diluted	31	**6.66**	5.37

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

Saad Abdulmohsen Alfadly	Abdulaziz Alobaid	Jahanzeb Ahmed Khan
Chairman	Chief Executive Officer	Chief Financial Officer

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of financial position
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	As at 31 December 2024	2023
Assets			
Non-current assets			
Property and equipment*	12	**940,636,402**	730,707,839
Right-of-use assets	13	**167,008,153**	90,850,614
Goodwill and intangible assets*	15	**165,238,323**	114,422,621
Total non-current assets		**1,272,882,878**	935,981,074
Current assets			
Inventories	16	**57,572,300**	53,012,026
Trade and other receivables	17	**604,973,714**	531,701,580
Term deposits	10	**302,924,306**	385,000,000
Cash and cash equivalents	18	**263,825,475**	308,669,934
Total current assets		**1,229,295,795**	1,278,383,540
Total assets		**2,502,178,673**	2,214,364,614
Equity and liabilities			
Equity			
Share capital	19	**448,500,000**	448,500,000
Statutory reserve	20	**-**	186,021,947
Treasury Shares	21	**(34,113,647)**	-
Retained earnings		**1,215,118,747**	818,914,111
Total equity		**1,629,505,100**	1,453,436,058
Liabilities			
Non-current liabilities			
Long-term borrowings	22	**244,317,844**	261,996,854
Lease liabilities	23	**168,641,140**	53,230,333
Employee benefit obligations	24	**111,485,719**	98,006,041
Total non-current liabilities		**524,444,703**	413,233,228
Current liabilities			
Trade and other payables	25	**247,640,109**	228,192,634
Current portion of long-term borrowings	22	**57,809,667**	7,767,473
Current portion of lease liabilities	23	**16,962,006**	7,252,784
Zakat payable	26	**25,817,088**	104,482,437
Total current liabilities		**348,228,870**	347,695,328
Total liabilities		**872,673,573**	760,928,556
Total equity and liabilities		**2,502,178,673**	2,214,364,614

*The amounts have been updated as result of finalisation of purchase price allocation to the identifiable assets and liabilities related to acquisition of a subsidiary. Refer to note 14.2 for details.

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

The consolidated financial statements, including notes were approved and authorized for issue by the Board of Directors on 24 February 2025 and were signed on their behalf by:

Saad Abdulmohsen Alfadly	Abdulaziz Alobaid	Jahanzeb Ahmed Khan
Chairman	Chief Executive Officer	Chief Financial Officer

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of changes in equity
(All amounts in Saudi Riyals unless otherwise stated)

	Note	Share capital	Statutory reserve	Treasury shares	Retained earnings	Total
At 1 January 2023		448,500,000	186,021,947	-	629,066,672	1,263,588,619
Profit for the year		-	-	-	240,927,386	240,927,386
Other comprehensive loss for the year		-	-	-	(6,229,947)	(6,229,947)
Total comprehensive income for the year		-	-	-	234,697,439	234,697,439
Dividends	32	-	-	-	(44,850,000)	(44,850,000)
At 31 December 2023		448,500,000	186,021,947	-	818,914,111	1,453,436,058
At 1 January 2024		**448,500,000**	**186,021,947**	**-**	**818,914,111**	**1,453,436,058**
Profit for the year		**-**	**-**	**-**	**298,163,666**	**298,163,666**
Other comprehensive income for the year		**-**	**-**	**-**	**1,719,023**	**1,719,023**
Total comprehensive income for the year		**-**	**-**	**-**	**299,882,689**	**299,882,689**
Transfer from statutory reserve	20	**-**	**(186,021,947)**	**-**	**186,021,947**	**-**
Purchase of treasury shares	21	**-**	**-**	**(34,113,647)**	**-**	**(34,113,647)**
Dividends	32	**-**	**-**	**-**	**(89,700,000)**	**(89,700,000)**
At 31 December 2024		**448,500,000**	**-**	**(34,113,647)**	**1,215,118,747**	**1,629,505,100**

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

Saad Abdulmohsen Alfadly
Chairman

Abdulaziz Alobaid
Chief Executive Officer

Jahanzeb Ahmed Khan
Chief Financial Officer

NATIONAL MEDICAL CARE COMPANY
(A Saudi Joint Stock Company)
Consolidated statement of cash flows
(All amounts in Saudi Riyals unless otherwise stated)

	Notes	Year ended 31 December 2024	2023
Cash flows from operating activities			
Profit before zakat		**293,627,402**	264,594,741
Adjustments for			
Depreciation on property and equipment	12	**55,758,084**	44,220,318
Amortisation of right-of-use assets	13	**18,429,560**	7,320,716
Amortisation on intangibles	15	**6,305,814**	3,389,095
Gain on disposal of property and equipment	12	**(56,615)**	(7,751)
Loss on termination of leases		**574,350**	-
Expected credit loss allowance (reversal)	17	**32,717,890**	(369,599)
Finance income		**(19,479,691)**	(21,366,810)
Finance cost	11	**22,736,430**	3,495,496
Employee benefit obligations	24	**20,684,586**	17,456,251
Changes in operating assets and liabilities:			
(Increase) decrease in trade and other receivables		**(70,706,174)**	192,879,429
Increase in inventories		**(718,994)**	(7,667,071)
Decrease in trade and other payables		**(25,702,225)**	(27,668,415)
Cash generated from operations		**334,170,417**	476,276,400
Employee benefit obligations paid	24	**(12,479,858)**	(17,260,072)
Finance income received		**19,479,691**	21,366,810
Finance cost paid		**(22,363,362)**	(1,423,109)
Zakat paid	26	**(74,147,362)**	(12,223,322)
Net cash inflow from operating activities		**244,659,526**	466,736,707
Cash flows from investing activities			
Payments for purchase of property and equipment	12	**(249,702,735)**	(54,005,135)
Payments for purchase of intangible assets	15	**(1,536,912)**	(559,740)
Cash paid to acquire Jiwar, net of cash	14	**-**	(22,149,420)
Cash paid to acquire Chronic, net of cash	14	**-**	(163,373,038)
Cash paid to acquire Al-Salam, net of cash	14	**(23,484,058)**	-
Investments in term deposits		**82,075,694**	(385,000,000)
Proceeds from sale of property and equipment		**92,429**	146,265
Net cash outflow from investing activities		**(192,555,582)**	(624,941,068)
Cash flows from financing activities			
Repayment of long-term borrowings	22.3	**(5,942,174)**	(5,942,174)
Repayments of lease liabilities	23	**(5,124,872)**	(2,237,735)
Proceeds from long term borrowing	22	**37,932,290**	190,690,763
Treasury shares purchase payment	21	**(34,113,647)**	-
Dividends paid	32	**(89,700,000)**	(44,850,000)
Cash (outflow) inflow from financing activities		**(96,948,403)**	137,660,854
Net decrease in cash and cash equivalents		**(44,844,459)**	(20,543,507)
Cash and cash equivalents at beginning of year	18	**308,669,934**	329,213,441
Cash and cash equivalents at end of year	18	**263,825,475**	308,669,934
Non-cash transactions			
Recording of right-of-use asset and lease liabilities for new lease agreement	23	**14,635,697**	-
Payable recorded to Smartmed Investment Co.	25	**-**	3,250,025

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

Saad Abdulmohsen Alfadly Chairman	Abdulaziz Alobaid Chief Executive Officer	Jahanzeb Ahmed Khan Chief Financial Officer

(All amounts in Saudi Riyals unless otherwise stated)

1 General information

National Medical Care Company (the "Company" or "Care") and its subsidiaries (collectively the "Group") consist of the Company and its following subsidiaries registered as limited liability companies in the Kingdom of Saudi Arabia:

	Effective ownership at 31 December	
	2024	**2023**
Chronic Care Specialized Medical Hospital Company ("Chronic")	**100%**	**100%**
Jiwar Medical Services Company ("Jiwar")	**100%**	**100%**
Al Salam Health Medical Hospital ("Al-Salam")	**100%**	**-**

The Group is principally engaged in the business to establish, own, equip, manage, maintain and operate healthcare facilities and provide home health care services.

The Group is a Saudi Joint Stock Company, registered in Riyadh, Kingdom of Saudi Arabia under commercial registration ('CR') number 1010194785 dated 9 Muharram 1425 (H) (corresponding to 29 February 2004). The registered office of the Company is located at Ar-Rayyan District, P.O. Box 29393, Riyadh 11457, Kingdom of Saudi Arabia.

The Company carries out its activities through the following branches:

Name	CR number	Date
Care Medical Rawabi (formerly "Riyadh Care Hospital")	1010195325	22 Muharram 1425H (corresponding to 14 March 2004)
Care Medical Malaz (formerly "National Hospital")	1010195327	22 Muharram 1425H (corresponding to 14 March 2004)
Care Company for Pharmaceutical and Medical Distribution	1010301247	14 Safar 1432H (corresponding to 19 January 2011)
Braya Al-Taifi Center for Rehabilitation (formerly "Family Health Care Center")	1010397064	29 Muharram 1435H (corresponding to 2 December 2013)

During June 2024, the Company entered into a share-purchase agreement (the "Salam SPA") with its immediate parent, Saudi Medical Care Group ("SMG") to acquire 100% share capital of Al-Salam for a consideration of Saudi Riyals 44.0 million, subject to customary purchase price adjustments made in light of the completion accounts under the Salam SPA. Al-Salam is a is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under CR number 1010222044 dated 16 Rajab 1427H (corresponding to 10 August 2006). Please refer note 14.1.

During 2023, the Company entered into a share-purchase agreement (the "SPA") with its immediate parent SMG to acquire 100% share capital of Chronic for a consideration of Saudi Riyals 204.1 million. Chronic is a limited liability company registered in the Kingdom of Saudi Arabia under CR number 4030272252 dated 6 Shaaban 1435 (corresponding to 4 June 2014). Please refer note 14.2.

Also, during 2023, the Company also acquired 100% shares in Jiwar through a share-purchase agreement (the "Agreement") with Smartmed Investments Company. Jiwar is a limited liability company registered in the Kingdom of Saudi Arabia, operating under CR number 4031234151 dated 15 Rabi' al-Thani 1441 (corresponding to 12 December 2019). Please refer note 14.3.

2 Basis of preparation

2.1 Statement of compliance

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

The impact of seasonality or cyclicality on operations is not regarded as significant to the consolidated financial statements.

2.2 Historical cost convention

These consolidated financial statements are prepared under the historical cost convention except for employee benefit obligations as explained in the relevant accounting policies.

2.3 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Classification of liabilities as current or non-current and non-current liabilities with covenants – amendments to IAS 1;
- Lease liability in sale and leaseback – amendments to IFRS 16; and
- Supplier finance arrangements – amendments to IAS 7 and IFRS 7.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.4 Standards issued but not yet effective

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and amendments is as follows:

- Amendments to IAS 21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025): In August 2023, the International Accounting Standards Board ("IASB") amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. The Group does not expect these amendments to have a material impact on its operations or consolidated financial statements.

- Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026): On 30 May 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

  - clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
  - update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

  The Group does not expect these amendments to have a material impact on its operations or consolidated financial statements.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027): Issued in May 2024, IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or consolidated financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027): IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the consolidated financial statements.

  Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18, as applicable.

3 Summary of material accounting policies

The principal accounting policies applied for the preparation of consolidated financial statements of the Group are set out below. The accounting policies have been consistently applied to all the years presented.

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of the other comprehensive income is attributed to the equity holders of the parent of the Group 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 subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Business combination under common control

Acquisition of a subsidiary from a party under common control is accounted for in accordance with the acquisition method of accounting, if the transaction is set at the arms' length price and is considered to be driven by 'market forces'.

Under the acquisition method of accounting, identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Revenue

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

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

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

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

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably.

<u>Vairable consideration - estimation of medical rejections:</u>

The normal business process associated with transactions with insurers includes an amount of claims disallowed (disallowance provision) which is not paid by the insurer. These disallowed claims could be for various technical or medical reasons. Disallowances on rejected claims is a general practice by the insurers in the Kingdom of Saudi Arabia. Accordingly, the Group expects an amount of consideration that is less than what was originally invoiced. These disallowances constitute variable consideration under IFRS 15 - 'Revenue from Contracts with Customers'. Variable consideration is recognised as revenue to the extent that it is highly probable that a reversal of revenue will not occur.

Specific accounting policies for applicable revenue streams are as follows:

(a) Rendering of services

Hospital services provided to patients are regarded as a bundle of services which comprise accommodation, meals, theatre time, use of equipment, pharmacy stock and nursing services. This is considered to be a single performance obligation as the medical procedures cannot be performed without one of the above elements. Revenue is recorded during the period in which the hospital service is provided and is based on the amounts due from patients and/or insurance entities. Fees are calculated and billed based on various tariff agreements with such entities. Revenue from in-patient services is recorded over-time, while revenue generated from outpatient is recorded at a point in time.

Discounts comprise retrospective volume discounts granted to certain customers on attainment of certain levels of patient visits and constitute variable consideration under IFRS 15. 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.

(b) Sale of pharmaceuticals

The sales from medicine, medical supplies and medical equipment, collectively referred to as 'pharmaceuticals', are recognized when goods are delivered to patients and all the control have been transferred to them. The sales are recorded net of any discount or rebates and expected medical rejections by the insurance companies (if applicable) at the time of delivery of goods to the patients. Revneue from sale of goods is recorded at a point in time.

(c) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in other operating income in the consolidated statement of profit and loss and other comprehensive income.

The Group does not expect to have any contracts where the period between the transfer of the promised service to the patient and the payment by the patient exceeds one year. Consequently, the Group does not adjust any of the transaction prices for time value of money.

Based on IFRS 15, for advance from customer or accounts receivable, the Group used the practical expedient. As such, the Group does not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less.

3.3 Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period-end exchange rates of monetary assets and liabilities denominated in foreign currencies other than Saudi Riyals are recognized in the profit or loss.

3.4 Zakat and taxes

The Group is subject to zakat in accordance with the regulations of Zakat, Tax and Customs Authority (ZATCA). Zakat for the Company and its subsidiaries is calculated based on higher of approximate zakat base and adjusted profit and charged to profit or loss. Additional amounts, if any, are accounted for when determined to be required for payment.

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under Saudi Arabian Income Tax Law.

3.5 Property and equipment

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

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

Land is not depreciated as it is deemed to have an indefinite life.

Depreciation is calculated on property and equipment so as to allocate its cost, less estimated residual value, on a straight line basis. Depreciation is charged to profit or loss.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. Major spare parts qualify for recognition as property and equipment when the Group expects to use them during more than one year. Transfers are made to relevant operating assets category as and when such items are available for use.

Assets in the course of construction or development are capitalised in the capital work-in-progress account. The asset under construction or development is transferred to the appropriate category in property and equipment, once the asset is in a location and / or condition necessary for it to be capable of operating in the manner intended by management. The cost of an item of capital work-in-progress comprises its purchase price, construction / development costs and any other directly attributable costs to the construction or acquisition of an item of capital work-in-progress intended by management. Capital work-in-progress is not depreciated.

3.6 Leases

At the inception of the contract the Group assesses whether a contract is or contains a lease. The Group recognises a Right-of-use asset ("RoU") asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease liabilities

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the RoU asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the individual lessee, which does not have recent third-party financing, and
- makes adjustments specific to the lease, for example term, country, currency and security.

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

- fixed lease payments, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- amounts 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

payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. 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 rate method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related RoU 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.

Right-of-use assets (RoU)

The RoU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 "Provisions, contingent liabilities and contingent assets". The costs are included in the related RoU asset, unless those costs are incurred to produce inventories.

RoU assets are amortised over the shorter period of the lease term or the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the RoU asset reflects that the Group expects to exercise a purchase option, the related RoU asset is amortised over the useful life of the underlying asset. The amortisation starts at the commencement date of the lease.

The RoU assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 "Impairment of Assets" to determine whether a RoU asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of lease liability and the RoU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the profit or loss.

3.7 Goodwill and intangible assets

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's Cash Generating Unit ("CGU") (or groups of CGU) that is expected to benefit from the synergies of the combination. A CGU 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 CGU 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. Also see note 3.9. Any impairment loss for goodwill is recognised directly in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired in a business combination are recognized at their fair value. Intangible assets under development are stated at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognized in the profit or loss in the expense category consistent with the function of the intangible asset.

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

Intangible assets with finite life are amortized on a straight-line basis.

3.8 Financial instruments

3.8.1 Financial asset

(i) Classification

The Group's financial assets are classified and measured at amortised cost as such assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

(ii) Recognition and derecognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

Subsequent measurement of Group's financial assets are at amortised cost. Interest income from financial assets is measured and included in profit or loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

3.8.2 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recognized initially at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortized cost using the effective interest rate method.

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

3.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.10 Impairment of financial assets

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

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

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

Trade receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant decrease in credit worthiness of the customer, the failure of the customer to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 730 days past due.

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

3.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

3.12 Trade receivables

Trade receivables are carried at the transaction price related to a performance obligation less Expected Credit Loss ("ECL") allowance on trade receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them at amortized cost using effective interest rate method. Also see note 3.10.

3.13 Cash and cash equivalents

For the purpose of consolidated statement of financial position, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

3.14 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

3.15 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

3.16 Provisions

Provisions are recognized when; the Group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money are material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.17 Borrowings

Borrowings are initially recognised at the fair value (being proceeds received), net of eligible transaction costs incurred, if any. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed 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 recognised in consolidated statement of profit or loss as other operating 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 twelve months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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 capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

3.18 Employee benefit obligations

The Group operates a single employment benefit scheme of defined benefit plan driven by the labor laws and workman laws of the Kingdom of Saudi Arabia which is based on most recent salary and number of service years.

The employment benefits plan is not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the projected unit credit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates usedare recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the labor law of Saudi Arabia.

3.19 Dividends distribution

Dividends are recorded in the consolidated financial statements in the period in which they are approved by the shareholders of the Group.

4 Critical accounting estimates and judgments

The preparation of consolidataed financial statements in conformity with IFRS requires the use of certain critical estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period.

4.1 Judgements

The management applied the requirements of IFRS 3 in determining whether the acqusition of Jiwar is an asset or a business. As per IFRS 3, a business would constitute of an integrated set of activities and assets and must include an input, substantive process that significantly contribute to the ability to create output. As Jiwar was an underconstruction medical facility at the time of acquisition, therefore it has been treated as an asset acquisition. See note 14.3 for details.

4.2 Estimates

(a) Revenue recognition - estimating variable consideration for medical rejections

The management estimates variable considerations to be included in the transaction price of services provided. The expected medical rejections are estimated against the services provided to customers based on the historical rate of rejections and ongoing discussions with such customers. The latest percentages of rejections are applied to determine the expected value of the variable consideration.

The management updates its assessment of expected rejection rates as and when the rejection rates are received and agreed, and the provision for rejection is adjusted accordingly. Estimates for rejections are sensitive to changes in circumstances and the Group's past experience regarding rejections. The estimates rejections recorded may not be representative of rejections in the future.

(b) ECL allowance

Measurement of ECL is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in note 17. The components that have a major impact on credit loss allowance include significant increase in credit risk and certain forward-looking factors. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

(c) Goodwill and intangible assets - annual impairment testing

The Group tests whether goodwill and other intangible assets with indefinite useful life have suffered any impairment on an annual basis. For 2024, the recoverable amount of the CGU was determined based on value in use which require the use of assumptions. For further details refer note 15.

5 Segment information

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

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

(All amounts in Saudi Riyals unless otherwise stated)

6 Revenues

	2024	2023
Rendering of services	**1,142,170,027**	952,214,283
Sale of pharmaceuticals	**151,515,301**	129,569,133
	1,293,685,328	1,081,783,416

	2024	2023
Revenue recorded overtime	**1,076,113,716**	891,725,654
Revenue recorded at a point-in-time	**217,571,612**	190,057,762
	1,293,685,328	1,081,783,416

7 Cost of revenues

	Notes	2024	2023
Salaries and benefits		**539,609,298**	444,559,112
Medicines, medical materials and consumables		**210,465,841**	198,372,224
Depreciation and amortisation	12, 13, 15	**58,703,049**	40,251,878
Repairs and maintenance		**15,077,935**	13,631,250
Rent and utilities		**13,430,470**	13,299,320
Other		**2,316,814**	2,036,562
		839,603,407	712,150,346

8 General and administrative expenses

	Notes	2024	2023
Salaries and benefits		**82,936,423**	57,075,729
Depreciation and amortisation	12, 13,15	**21,790,409**	14,678,253
Office expenses		**11,096,630**	7,622,078
Professional fees		**15,313,243**	19,079,207
Board of Directors' remuneration		**6,288,000**	2,867,000
Repairs and maintenance		**5,505,225**	2,780,587
Security expenses		**1,588,190**	1,453,749
Other		**17,305,796**	13,223,588
		161,823,916	118,780,191

9 Other operating income

	2024	2023
Income from Care Academy	**4,431,814**	3,091,404
Rental income*	**353,778**	633,704
Others	**1,540,599**	303,208
	6,326,191	4,028,316

* The rental income is received from external parties during the year from the letting of spaces to cafes and flower shops.

10 Finance income

This represents income from deposits placed with local commercial banks and have a maturity date of less than a year from the date of deposit. During 2024, such deposit earned financial income at an average rate of 5.6% per annum (2023: 6.0% per annum), which represented prevailing market rates.

11 Finance cost

	Notes	2024	2023
Finance cost on long-term borrowings	22	**14,598,533**	1,825,299
Finance cost on lease liabilities	23	**8,137,897**	1,670,197
		22,736,430	3,495,496

(All amounts in Saudi Riyals unless otherwise stated)

12 Property and equipment

	1 January 2024	Additions	Acquired as part of acquisitions (note 14)	Disposals	Transfers	31 December 2024
2024						
Cost						
Land	245,504,901	141,677,862	-	-	-	387,182,763
Buildings and improvements	842,563,993	14,734,280	5,320,455	-	52,777,703	915,396,431
Medical and general equipment	423,543,305	20,117,852	74,485,526	(12,201,549)	1,865,534	507,810,668
Furniture, fixtures and office equipment	29,700,451	3,531,870	3,866,011	(311,249)	10,100	36,797,183
Computer hardware	40,411,692	7,934,566	6,878,219	(1,108,601)	-	54,115,876
Vehicles	9,824,118	1,870,800	562,438	-	-	12,257,356
Capital work-in-progress	21,370,655	59,835,505	775,253	-	(54,653,337)	27,328,076
	1,612,919,115	249,702,735	91,887,902	(13,621,399)	-	1,940,888,353
Accumulated depreciation						
Buildings and improvements	(457,724,164)	(29,358,778)	(4,207,915)	-	-	(491,290,857)
Medical and general equipment	(357,431,489)	(19,302,791)	(62,164,206)	12,169,326	-	(426,729,160)
Furniture, fixtures and office equipment	(25,971,400)	(1,111,461)	(2,404,514)	310,770	-	(29,176,605)
Computer hardware	(32,511,939)	(5,379,641)	(6,529,106)	1,105,489	-	(43,315,197)
Vehicles	(8,572,284)	(605,413)	(562,435)	-	-	(9,740,132)
	(882,211,276)	(55,758,084)	(75,868,176)	13,585,585	-	(1,000,251,951)
	730,707,839					940,636,402

Capital work-in-progress as at 31 December 2024 principally represents renovation projects related to development of a new mental healthcare facility and a new hospital project. Such projects are expected to be completed between 2025 and 2027. The completed projects during the year 2024 represented certain renovation projects for hospital buildings.

Certain land and buildings are pledged to the Ministry of Finance against loan granted to the Group. Also see note 22.

(All amounts in Saudi Riyals unless otherwise stated)

	1 January 2023	Additions	Acquired as part of acquisitions (note 14)	Disposals	Transfers	31 December 2023
2023						
Cost						
Land	242,429,901	-	3,075,000	-	-	245,504,901
Buildings and improvements*	768,254,393	645,626	44,348,463	(3,311)	29,318,822	842,563,993
Medical and general equipment*	375,948,003	20,774,058	34,331,165	(7,509,921)	-	423,543,305
Furniture, fixtures and office equipment	25,253,941	1,200,850	4,071,360	(825,700)	-	29,700,451
Computer hardware	32,327,586	5,953,511	2,130,595	-	-	40,411,692
Vehicles	8,026,669	822,708	1,035,791	(61,050)	-	9,824,118
Capital work-in-progress	11,374,961	24,608,382	14,706,134	-	(29,318,822)	21,370,655
	1,463,615,454	54,005,135	103,698,508	(8,399,982)	-	1,612,919,115
Accumulated depreciation						
Buildings and improvements	(420,586,566)	(23,598,743)	(13,541,938)	3,083	-	(457,724,164)
Medical and general equipment	(331,421,792)	(16,134,408)	(17,249,372)	7,374,083	-	(357,431,489)
Furniture, fixtures and office equipment	(23,858,955)	(705,923)	(2,229,775)	823,253	-	(25,971,400)
Computer hardware	(27,716,377)	(3,480,263)	(1,315,299)	-	-	(32,511,939)
Vehicles	(7,606,276)	(300,981)	(726,076)	61,049	-	(8,572,284)
	(811,189,966)	(44,220,318)	(35,062,460)	8,261,468	-	(882,211,276)
	652,425,488					730,707,839

* The amounts have been updated as result of finalisation of purchase price allocation to the identifiable assets and liabilities related to acquisition of a subsidiary. Refer to note 14.2 for details.

Depreciation is calculated on a straight-line basis over the following useful lives of the assets:

	Number of years
• Buildings and improvements	5 - 33
• Medical and general equipment	6 - 10
• Furniture, fixtures and office equipment	6 - 10
• Computer hardware	3 - 8
• Vehicles	4 - 5

(All amounts in Saudi Riyals unless otherwise stated)

13 Right-of-use assets

	Notes	2024	2023
Cost			
1 January		**112,941,577**	-
Additions		**14,635,697**	-
Acquired as part of acquisitions	13.1, 14	**125,888,995**	112,941,577
Termination		**(1,578,264)**	-
31 December		**251,888,005**	112,941,577
Accumulated amortisation			
1 January		**(22,090,963)**	-
Charge for the year		**(18,429,560)**	(7,320,716)
Acquired as part of acquisitions	13.1, 14	**(44,603,793)**	(14,770,247)
Termination		**244,464**	-
31 December		**(84,879,852)**	(22,090,963)
Net book value			
At the end of the year		**167,008,153**	90,850,614

This represents building premises of Jiwar, Chronic and Al-Salam and staff accommodations, and have lease terms between 5 to 15 years. The RoU asset is being amortised over the lease terms.

13.1 The RoU assets on acquisition are as follows:

During 2024, the acquisition of Al-Salam resulted in recording of RoU assets with cost of Saudi Riyals 125.9 million and accumulated amortisation of Saudi Riyals 44.6 million. During 2023, the acquisition of Jiwar and Chronic resulted in recording of RoU assets with cost of Saudi Riyals 79.6 million and Saudi Riyals 33.3 million respectively, and accumulated amortisation of Saudi Riyals 4.5 million and Saudi Riyals 10.2 respectively. The RoU asset of Jiwar includes incremental direct cost as a result of acquisition amounting to Saudi Riyals 41.2 million (see note 14.3).

14 Acquisition of Jiwar, Chronic and Al-Salam

14.1 Acquisition of Al-Salam

As stated in the note 1, in June 2024, Care signed the “Salam SPA” with its parent SMG, to acquire 100% shares of Al-Salam for an initial consideration of Saudi Riyals 44.0 million, subject to certain adjustments as identified in the Salam SPA. The acquisition was part of Care’s growth strategy to expand its services and network in Riyadh. The acquisition was subject to the completion of certain conditions/approvals which were considered substantive in nature. Such conditions/approvals were completed/received on 2 October 2024. The payable consideration was adjusted, including but not limited to working capital adjustments, estimated cash and debt adjustments. The adjusted purchase consideration determined as per the terms of Salam SPA is Saudi Riyals 27.6 million.

Purchase of Al-Salam from SMG is a business combination under common control which was accounted for in accordance with the acquisition method of accounting, because it was set at the arms’ length price and was considered to be driven by ‘market forces’. Despite the common control relationship, SMG solicited third party bids and the acquisition was subject to bidding process. As the transaction was demonstrably subject to a normal market process, Care has determined that the application of IFRS 3 is permissible and appropriate in the circumstances.

Following the acquisition method of accounting, these consolidated financial statements include the results of Al-Salam from 2 October 2024 which is the date the control was transferred to the Group. The acquired business contributed revenues of Saudi Riyals 17.9 million and net loss of Saudi Riyals 10.5 million to the Group from the period 2 October 2024 to 31 December 2024. If the combination had taken place at the beginning of the year, the consolidated revenue for the year ended 31 December 2024 would have been increased by Saudi Riyals 54.7 million and profit for the year ended 31 December 2024 would have been decreased by Saudi Riyals 30.2 million.

The Group is currently in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired. The purchase price allocation has not been completed at the issuance of these consolidated financial statements as the Group is seeking independent identification (if they exist) and valuation of intangible assets, such as brand name, customer relationships and other licenses acquired in the business combination. Accordingly, the Group has provisionally accounted for the business combination based on the carrying values of the assets and liabilities as of the acquisition date, which are summarized below. The provisional value for goodwill amounted to Saudi Riyals 55.2 million is attributable to the Group’s position after the Al-Salam's acquisition. None of the goodwill is expected to be deductible for zakat purposes.

(All amounts in Saudi Riyals unless otherwise stated)

The provisionally determined fair values for the assets and liabilities of Al-Salam as at the date of acquisition are as follows:

	Saudi Riyals
Assets acquired	
Non-current assets	
Property and equipment	16,019,726
Intangibles	380,892
RoU assets	81,285,202
	97,685,820
Current assets	
Inventories	3,841,280
Trade and other receivables	35,283,850
Cash and cash equivalents	4,071,766
	43,196,896
	140,882,716
Liabilities assumed	
Non-current liabilities	
Lease liabilities	108,945,397
Employee benefit obligations	6,993,973
	115,939,370
Current liabilities	
Trade and other payables	45,149,700
Current portion of lease liabilities	7,423,257
Zakat payable	18,277
	52,591,234
	168,530,604
Total acquisition cost	27,555,824
Net identifiable liabilities acquired	27,647,888
Goodwill	**55,203,712**
Cash outflow on acquisition	
Net cash acquired with Al-Salam	4,071,766
Cash paid	(27,555,824)
Net cash outflow	**(23,484,058)**

14.2 Acquisition of Chronic

As stated in the note 1, on 8 September 2023, Care signed an SPA with its immediate parent, SMG, to acquire 100% shares of Chronic for an initial consideration of Saudi Riyals 190.0 million, subject to certain adjustments as identified in the SPA. The acquisition was subject to the completion of certain conditions/approvals which were considered substantive in nature. Such conditions/approvals were completed/received on 23 November 2023. The payable consideration was adjusted, including but not limited to working capital adjustments, estimated cash, debt and freehold properties adjustment. The adjusted purchase consideration determined as per the SPA is Saudi Riyals 204.1 million.

Purchase of Chronic from SMG was treated as a business combination under common control which was accounted for in accordance with the acquisition method of accounting, because it was set at the mutually agreed price.

Following the acquisition method of accounting, these consolidated financial statements include the results of Chronic from 23 November 2023 which is the date the control was transferred to the Group. The acquired business contributed revenues of Saudi Riyals 10.2 million and net profit of Saudi Riyals 1.5 million to the Group from the period 23 November 2023 to 31 December 2023. If the combination had taken place at the beginning of the year, the consolidated revenue for the year ended 31 December 2023 would have been increased by Saudi Riyals 89.9 million and profit for the year ended 31 December 2023 would have been increased by Saudi Riyals 12.5 million.

(All amounts in Saudi Riyals unless otherwise stated)

The Group had accounted for the acquisition in 2023 based on provisional fair values of the acquired assets and assumed liabilities as at the acquisition date. The Purchase Price Allocation ("PPA") exercise has been finalized during 2024, and has resulted in:

(i) increase in the acquisition date fair value of the property and equipment by Saudi Riyals 4.4 million;
(ii) recording of identified intangible assets as result of the PPA exercise amounting to Saudi Riyals 17.7 million. Such intangibles comprise of brand of Chronic amounting to Saudi Riyals 5.3 million, customer contracts amounting to Saudi Riyals 8.9 million and customer relationships amounting to Saudi Riyals 3.5 million.

The 2023 comparative information was adjusted to reflect the revision of previously reported provisional amounts. As a result, there was corresponding decrease in goodwill of Chronic by Saudi Riyals 22.1 million. The increase in depreciation and amortisation charge from acquisition date to 31 December 2023 was not material.

The adjusted fair values for the assets and liabilities as at acquisition date were as follows:

	Saudi Riyals
Assets acquired	
Non-current assets	
Property and equipment	49,397,613
Intangibles	17,997,242
RoU asset	23,053,966
	90,448,821
Current assets	
Inventories	2,682,286
Trade and other receivables	38,978,695
Cash and cash equivalents	40,696,555
	82,357,536
	172,806,357
Liabilities assumed	
Non-current liabilities	
Lease liability	27,690,825
Employee benefit obligations	5,584,702
	33,275,527
Current liabilities	
Trade and other payables	26,429,425
Current portion of lease liability	1,313,632
Zakat payable	2,608,984
	30,352,041
	63,627,568
Total acquisition cost	204,069,593
Total identifiable assets	(109,178,789)
Goodwill	**94,890,804**
Cash outflow on acquisition	
Net cash acquired with Chronic	40,696,555
Cash paid	(204,069,593)
Net cash outflow	**(163,373,038)**

14.3 Acquisition of Jiwar

As stated in the note 1, during 2023 the Group entered into the Agreement to acquire entire share capital of Jiwar for an initial consideration of Saudi Riyals 65.0 million, subject to certain adjustments as identified in the Agreement. The transaction was subject to completion of certain conditions/approvals which were considered substantive in nature. Such conditions/approvals were received/completed on 7 June 2023. The consideration was adjusted as per the terms of the Agreement, including but not limited to working capital adjustments (prepayments and other receivables amounting to Saudi Riyals 3.7 million and other payables amounting to Saudi Riyals 39.2 million), with adjusted consideration payable determined to be Saudi Riyals 29.4 million.

During December 2023, upon the finalization of completion accounts of Jiwar and ascertainment of balances, it was further agreed to reduce the remaining payable amount by Saudi Riyals 4.0 million which related to certain expenses relating to issuance of statutory licenses and other miscellaneous activities that were incurred by Care. As a result of this adjustment, the purchase consideration and the incremental direct cost of RoU asset was adjusted.

(All amounts in Saudi Riyals unless otherwise stated)

The management has considered the guidance of IFRS 3 - 'Business Combinations' in determining the accounting for Jiwar as a business combination or asset acquisition. IFRS 3 requires that an integrated set of activities and assets and must include an input and a substantive process that together significantly contribute to the ability to create output for it to be qualified as a 'Business'. Given, the acquisition of Jiwar primarily represented an under-construction emergency medical facility with no process / output, the same was recognised as an asset acquisition.

Following are the adjusted assets and liabilities recognized as result of the assets and liabilities acquired in Jiwar:

	Fair value as at 8 June 2023
Prepayments and other receivables	3,677,732
Leasehold improvements and equipment	19,238,435
Intangibles	6,436
RoU asset	75,117,364
Lease liability	(33,469,307)
Other payables	(39,146,182)
Adjusted purchase consideration	**25,424,478**
Cash outflow on acquisition	
Net cash acquired with Jiwar	25,033
Cash paid	(22,174,453)
Net cash outflow	**(22,149,420)**

The Company's approach to allocating consideration to assets and liabilities acquired was to first measure financial instruments at fair value as this is a specific requirement of IFRS 9 on initial recognition. Secondly, the Company determined the present value of the lease liabilities acquired in accordance with the initial recognition guidance in IFRS 16 - 'Leases', with an offsetting RoU asset. Finally, the remaining consideration was allocated to assets for which initial measurement basis under IFRS was determined to be on cost basis, on a relative fair value basis. This included an evaluation as to whether any leases were assessed as to some of this consideration represented initial direct costs capitalisable into the RoU asset under IFRS 16.

In practice, the Company determined that the property and equipment and other cost basis assets were acquired recently such that their previous carrying amounts in the books of Jiwar approximated fair value. The remainder of the consideration was determined to represent the fair value payable to the seller to vacate the lease, which was located in Makkah in close proximity to the Grand Mosque. The Company determined this to be in substance an initial direct cost incremental to entering the lease which under IFRS 16 is capitalisable into the RoU asset.

From the agreed consideration of Saudi Riyals 25.4 million, the Company made payment of Saudi Riyals 22.2 million during the year ended 31 December 2023. The remaining balance of Saudi Riyals 3.3 million was deposited in an Escrow account as per the terms of the Agreement and was recorded as restricted cash in the accompanying consolidated financial statements (refer note 18). Such amount is also treated as a payable to the seller which was settled in 2024 as per the terms mentioned in the Agreement.

(All amounts in Saudi Riyals unless otherwise stated)

15 Goodwill and intangible assets

	Goodwill	Software	Brand	Customer contracts and relationships	Total
2024					
Cost					
1 January	94,890,804	16,078,065	5,284,013	12,412,269	**128,665,151**
Acquired on acquisition (note 14)	55,203,712	2,389,073	-	-	**57,592,785**
Additions	-	1,536,912	-	-	**1,536,912**
31 December	**150,094,516**	**20,004,050**	**5,284,013**	**12,412,269**	**187,794,848**
Accumulated amortisation					
1 January	-	(14,242,530)	-	-	**(14,242,530)**
Acquired on acquisition (note 14)	-	(2,008,181)	-	-	**(2,008,181)**
Charge for the year	-	(1,468,110)	-	(4,837,704)	**(6,305,814)**
31 December	**-**	**(17,718,821)**	-	**(4,837,704)**	**(22,556,525)**
	150,094,516	**2,285,229**	**5,284,013**	**7,574,565**	**165,238,323**

	Goodwill*	Software	Brand*	Customer contracts and relationships*	Total
2023					
Cost					
1 January	-	14,601,358	-	-	14,601,358
Acquired on acquisitions (note 14)	94,890,804	916,967	5,284,013	12,412,269	113,504,053
Additions	-	559,740	-	-	559,740
31 December	94,890,804	16,078,065	5,284,013	12,412,269	128,665,151
Accumulated amortisation					
1 January	-	(10,243,864)	-	-	(10,243,864)
Acquired on acquisitions (note 14)	-	(609,571)	-	-	(609,571)
Charge for the year	-	(3,389,095)	-	-	(3,389,095)
31 December	-	(14,242,530)	-	-	(14,242,530)
	94,890,804	1,835,535	5,284,013	12,412,269	114,422,621

* The amounts have been updated as result of finalisation of purchase price allocation to the identifiable assets and liabilities related to acquisition of a subsidiary. Refer to note 14.2 for details.

Goodwill and brand have indeifinite useful life and are tested for impairment annually.

Amortisation for intangibles with finite useful life is calculated on a straight-line basis over the following useful lives of the assets:

	Number of years
• Software	2 - 3
• Customer contracts and relationships	2 - 5

As required by accounting standards, the Group tests annually whether goodwill and other indefinite useful life assets (brand) has suffered any impairment by comparing the carrying value with the recoverable amount. The Group performed an annual impairment test for the goodwill recognized as part of the acquisition of Chronic and no impairment was identified. The recoverable amount of the Chronic was determined based on value-in-use calculations which requires use of certain assumptions. The calculations used cash flow projections for a period of 5 years based on financial plans approved by the Group's Board of Directors. Cash flows were discounted and aggregated with a terminal value. A growth rate of 2% has been used in the terminal value calculations and a discount rate of 10% was applied. Management believes a reasonable change in any of the key assumptions will not result in any impairment.

(All amounts in Saudi Riyals unless otherwise stated)

16 Inventories

	2024	2023
Pharmaceuticals	**35,793,898**	33,313,714
Medical supplies	**19,557,539**	19,516,087
Consumables and cleaning materials	**4,536,044**	1,700,237
	59,887,481	54,530,038
Less: allowance for inventory obsolescence	**(2,315,181)**	(1,518,012)
	57,572,300	53,012,026

Movement in allowance for inventory obsolescence is as follows:

	2024	2023
At 1 January	**1,518,012**	1,705,704
Acquired on acquisition (note 14.2)	**800,000**	-
Write-off	**(2,831)**	(187,692)
At 31 December	**2,315,181**	1,518,012

Cost of inventories consumed recognized in profit or loss for the year ended 31 December 2024 amounted to Saudi Riyals 210.5 million (2023: Saudi Riyals 198.4 million).

Write-off of inventories represents damaged stock that was written-off.

17 Trade and other receivables

	2024	2023
Trade receivables	**707,457,926**	586,059,032
Less: ECL allowance	**(135,223,688)**	(83,517,617)
	572,234,238	502,541,415
Letters of guarantee margin	**3,497,477**	9,808,766
Advances to suppliers	**11,628,082**	6,899,786
Prepaid expenses	**10,137,560**	7,739,737
Others	**7,476,357**	4,711,876
	604,973,714	531,701,580

Trade receivables balance include amounts due from a related party amounting to Saudi Riyals 228.1 million (2023: Saudi Riyals 158.1 million). Refer note 27.

The Group applies IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and other financial assets. The expected loss rates are based on the roll-rate method calculated over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product of the Kingdom of Saudi Arabia to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

For the trade receivables, the ECL allowance as at 31 December 2024 and 2023 was determined as follows:

	Days past due				
31 December 2024	**Not due**	**0-90**	**91-270**	**Over 270 days**	**Total**
Insurance customers					
Expected loss rate	**17.16%**	**12.49%**	**45.79%**	**65.98% to 100%**	
Gross carrying amount	**71,764,576**	**19,180,755**	**11,844,552**	**53,256,700**	**156,046,583**
ECL allowance	**12,313,681**	**2,395,889**	**5,424,013**	**35,136,159**	**55,269,742**
Corporate customers					
Expected loss rate	**4.28%**	**2.10%**	**41.28%**	**89.10% to 100%**	
Gross carrying amount	**15,550,323**	**13,219,231**	**7,382,475**	**15,050,060**	**51,202,089**
ECL allowance	**665,671**	**277,717**	**3,047,468**	**13,409,962**	**17,400,818**

(All amounts in Saudi Riyals unless otherwise stated)

	Days past due				
31 December 2023	**Not due**	**0-90**	**91-270**	**Over 270 days**	**Total**
Insurance customers					
Expected loss rate	**3.03%**	**8.98%**	**20.88%**	**58.17% to 100%**	
Gross carrying amount	**45,450,111**	**8,259,745**	**11,545,734**	**23,354,711**	**88,610,301**
ECL allowance	**1,375,167**	**741,427**	**2,410,929**	**13,585,483**	**18,113,006**
Corporate customers					
Expected loss rate	**0.16%**	**1.58%**	**24.20%**	**99.50% to 100%**	
Gross carrying amount	**12,803,000**	**2,105,569**	**4,577,729**	**7,511,427**	**26,997,725**
ECL allowance	**20,000**	**33,327**	**1,107,672**	**7,474,091**	**8,635,090**

The ageing of government related gross receivables is as follows:

	2024	**2023**
Not due	**279,067,997**	210,349,048
0 to 90 days	**130,188,008**	135,754,339
91 to 270 days	**10,346,130**	58,050,240
Over 271 days	**36,289,908**	29,197,366
	455,892,043	433,350,993

(a) The Group applies IFRS 9 simplified approach for measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and other financial assets.

Specific provision against balances receivable from government related entities and individual customers as at 31 December 2024 amounted to Saudi Riyals 21.3 million and Saudi Riyals 41.3 million respectively (2023: Saudi Riyals: 22.1 million and Saudi Riyals 34.7 million).

The customers have been disaggregated based on credit risk associated with each portfolio.

(b) Movement in ECL allowance is as follows:

	Note	**2024**	**2023**
At 1 January		**83,517,617**	83,122,883
Charge (reversal) for the year		**32,717,890**	(369,599)
Acquired on acquisitions	14	**20,655,507**	1,532,370
Write-offs		**(1,667,326)**	(768,037)
At 31 December		**135,223,688**	83,517,617

(c) Trade and other receivables are non-interest bearing and are generally on a term of 90 days. As of 31 December 2024, the amounts due from governmental and semi-governmental entities represent 64.4% of total trade receivables (2023: 73.9%). Normally such entities are granted extended credit terms compared to other customers but not exceeding 180 days. The increase in ECL allowance is in line with the increase in gross receivables.

(d) The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to the credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

(e) The Group does not hold any collateral as security.

(All amounts in Saudi Riyals unless otherwise stated)

18 Cash and cash equivalents

	2024	2023
Unrestricted		
Cash in hand	**377,186**	268,484
Cash at banks	**110,372,595**	155,151,425
Time deposits	**153,075,694**	150,000,000
	263,825,475	305,419,909
Restricted		
Cash at bank (note 14.3)	**-**	3,250,025
Total	**263,825,475**	308,669,934

Restricted cash at bank balance relates to the amount deposited in the escrow account for acquisition of Jiwar. See note 14.3.

19 Share capital

The authorised, issued and fully paid-up share capital comprises of 44,850,000 (31 December 2023: 44,850,000) ordinary shares of Saudi Riyals 10 each.

The Group's majority shareholder is SMG, incorporated in the Kingdom of Saudi Arabia, which owns 49.2% in the Group. The Group is ultimately owned by General Organization for Social Insurance (GOSI), Saudi Arabia.

20 Statutory reserve

During 2023, the Company updated its By-Laws in line with the new regulations for companies which do not require statutory reserve to be maintained. Consequently, during the extraordinary general assembly meeting held on 14 Dhul-Qi'idah 1445H (corresponding to 22 May 2024), the shareholders voted to transfer the statutory reserve to the retained earnings. Such transfer was completed during 2024.

21 Treasury shares

Treasury shares are shares bought back by the Company in advance for the purpose of issuing shares under the proposed employee share option program, which was announced by the Company on 4 April 2024, and subsequently approved in the extraordinary general assembly meeting held on 14 Dhul-Qi'idah 1445H (corresponding to 22 May 2024). The Company completed the purchase of 160,000 shares at prevailing market rates during 2024.

22 Long-term borrowings

	Notes	2024	2023
Non-current liabilities			
Islamic Murabaha	22.1, 22.2	**178,953,927**	190,690,763
Ministry of Finance	22.3	**65,363,917**	71,306,091
		244,317,844	261,996,854
Current liabilities			
Islamic Murabaha	22.1, 22.2	**51,867,493**	1,825,299
Ministry of Finance	22.3	**5,942,174**	5,942,174
		57,809,667	7,767,473
Borrowings Total		**302,127,511**	269,764,327

Maturity of long-term borrowings is as follows:

	2024	2023
Less than one year	**57,809,667**	7,767,473
Between two to five years	**182,758,261**	202,541,288
More than five years	**61,559,583**	59,455,566
	302,127,511	269,764,327

(All amounts in Saudi Riyals unless otherwise stated)

22.1 During 2024 the Group obtained long-term loan from a commercial bank (Islamic Murabaha Contract), amounting to Saudi Riyals 37.9 million to finance an acquisition. The loan is repayable in 19 equal semi-annual installments starting from September 2025 and carries finance charge at SAIBOR + 1.25%. The loan is unsecured.

22.2 During 2023, the Group obtained long-term loan from a commercial bank (Islamic Murabaha Contract), amounting to Saudi Riyals 190.7 million to finance an acquisition. The loan is repayable in 16 equal quarterly installments starting from February 2025 and carries finance charge at SAIBOR + 1.15%. The loan is unsecured.

22.3 During 2012, the Group signed a loan agreement with the Ministry of Finance amounting to Saudi Riyals 154.1 million to fund the construction of a hospital building. The Group was able to utilise Saudi Riyals 118.8 million during 2013 and 2015.

The loan is payable in twenty equal annual instalments with the first instalment due in 2017. The loan is interest free and is secured by the Group's collateralised land and buildings Also see note 12.

The Group has repaid an instalment of Saudi Riyals 5.9 million during 2024 (2023: Saudi Riyals 5.4 million) as per the repayment schedule.

On transition (effective from 1 January 2018) from Generally Accepted Accounting Standards issued by SOCPA to IFRS, management opted for the exemption provided under IFRS 1 'First-time Adoption of International Financial Reporting Standards' to keep the similar classification of interest free loan obtained from Ministry of Finance till 31 December 2017 and to adopt application of IAS – 20 "Accounting for Government Grants and Disclosure of Government Assistance" for new loans (within the scope of IAS – 20) obtained on and after the date of adoption of IFRS for its statutory financials statements.

23 Lease liabilities

	Note	2024	2023
1 January		**60,483,117**	-
Acquired on acquisitions	14	**116,368,654**	62,473,764
Additions		**14,635,697**	-
Disposal and adjustments		**(759,450)**	-
Finance cost		**8,137,897**	1,670,197
Payments		**(13,262,769)**	(3,660,844)
31 December		**185,603,146**	60,483,117

Lease liabilities are presented as follows in the consolidated statement of financial position:

	2024	2023
Current portion	**16,962,006**	7,252,784
Non-current portion	**168,641,140**	53,230,333
	185,603,146	60,483,117

24 Employee benefit obligations

24.1 General description of the plan

The Group operates a defined benefit plan in line with the Labor Law requirements in the Kingdom of Saudi Arabia. The end of service benefit payments under the plan are based on the employees' final salaries and allowances and their cumulative years of service at the date of their termination of employment, as defined by the conditions stated in the Labor Law of the Kingdom of Saudi Arabia. Employees' end of service benefit plans are unfunded plans and the benefit payment obligation is met when they fall due upon termination of employment. The latest valuation of employee benefit obligations under the projected unit credit method was carried out by an independent actuary as of 31 December 2024.

	Note	2024	2023
At 1 January		**98,006,041**	85,995,213
Current service and interest cost		**20,684,586**	17,456,251
Acquired on acquisitions	14	**6,993,973**	5,584,702
Payments		**(12,479,858)**	(17,260,072)
Remeasurements		**(1,719,023)**	6,229,947
At 31 December		**111,485,719**	98,006,041

(All amounts in Saudi Riyals unless otherwise stated)

24.2 Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

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

	2024	**2023**
Current service cost	**16,231,362**	13,989,770
Interest expense	**4,453,224**	3,466,481
Total amount recognised in profit or loss	**20,684,586**	17,456,251
Re-measurements		
(Gain) loss from change in financial assumptions	**(4,089,555)**	2,783,921
Loss from change in demographic assumptions	**68,845**	597,500
Experience losses	**2,301,687**	2,848,526
Total amount recognised in other comprehensive income	**(1,719,023)**	6,229,947

24.3 Key actuarial assumptions

	2024	**2023**
Discount rate	**5.75% to 5.25%**	4.55%
Salary growth rate	**2.0% to 4.05%**	4.00%

The discount rate is derived based on ‘KSA Sukuk bonds.

24.4 Sensitivity analysis for actuarial assumptions

	Change in assumption		**Impact on employee benefit obligations**	
	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.0%	1.0%	**(5,578,976)**	**6,210,001**
Salary growth rate	1.0%	1.0%	**6,842,643**	**(6,246,449)**

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

24.5 Expected maturity analysis

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

	Less than a year	**Between 1 - 5 years**	**Over 5 years**	**Total**
31 December 2024	**19,521,932**	**51,884,999**	**82,583,200**	**153,990,131**
31 December 2023	13,945,698	41,988,934	66,572,944	122,507,576

25 Trade and other payables

	Note	**2024**	**2023**
Trade payables		**75,664,156**	49,548,625
Accrued expenses		**80,296,041**	107,966,980
Employees’ related accruals		**69,322,972**	53,065,682
VAT payable		**14,906,531**	10,149,459
Payable to Smartmed Investment Company	14.3	**-**	3,250,025
Other		**7,450,409**	4,211,863
		247,640,109	228,192,634

(All amounts in Saudi Riyals unless otherwise stated)

26 Zakat matters

26.1 Components of approximate zakat base

The Company and its subsidiaries are subject to zakat. For 2024, the Group will file zakat on consolidated basis except for Al-Salam. The significant components of the zakat base of each company under zakat regulations principally comprised of shareholders' equity, provisions at the beginning of year, long-term borrowings and adjusted net income, less deduction for the net book value of property and equipment, spare parts and supplies and certain other items.

26.2 Provision for zakat

	Note	2024	2023
At 1 January		**104,482,437**	90,429,420
Provision		**24,474,186**	23,667,355
Acquired on acquisition	14	**18,277**	2,608,984
Reversal relating to prior years	26.3	**(29,010,450)**	-
Payments		**(74,147,362)**	(12,223,322)
At 31 December		**25,817,088**	104,482,437

The amount recognised in the statement of profit or loss is as follows:

	Note	2024	2023
Charge for the year		**(24,474,186)**	(23,667,355)
Reversal relating to prior years	26.3	**29,010,450**	-
Reversal (charge) for the year, net		**4,536,264**	(23,667,355)

26.3 Status of certificates and final assessments

During 2021, Zakat, Tax and Customs Authority ('ZATCA') issued additional zakat assessments for the Company relating to the years 2015 to 2018 amounting to Saudi Riyals 29.0 million. The Company filed appeals against such assessments with the Preliminary Objection Committee ('POC') but the appeal was rejected. The Company had proceeded to file an appeal against such decision by POC with Higher Appeal Committee ('HAC'). During 2023, the Company received summary judgement with regard to the years 2015 to 2018 by the HAC, whereby HAC accepted some items and expressed disagreement with regard to other items in the appeal. As a result, the Company paid additional zakat in respect of years 2015 to 2018 amounting to Saudi Riyals 15.2 million.

During later part of 2021, ZATCA issued additional zakat assessments for the years 2019 and 2020 amounting to Saudi Riyals 25.0 million. The Company filed appeals against such assessments with POC. During 2022, the Company received summary judgement in its favour, consequent to which ZATCA filed an appeal before the HAC.

During the three-month period ended 31 March 2024, ZATCA finalized the assessments relating to years 2021 and 2022. The Company maintained provision for these years based on the independent assessment from zakat consultant. Consequently, the Company paid an additional amount of Saudi Riyals 17.4 million and reversed excess provision carried amounting to Saudi Riyals 15.8 million. Further, during the three-month period ended 30 June 2024, the Company received summary judgement with regards to the years 2019 to 2020 in its favor by the HAC. As a result, the Company paid an additional amount of Saudi Riyals 10.4 million and reversed excess provision carried amounting to Saudi Riyals 13.2 million.

The Company and its subsidiaries have filed zakat returns for the year 2023 with ZATCA during 2024. No assessments have yet been raised for the year 2023.

(All amounts in Saudi Riyals unless otherwise stated)

27 Related party transactions and balances

Related parties are key shareholders, directors and key management personnel of the Group. The terms of these transactions have been approved by the Group's management. The following are the most significant transactions with related parties and the resulting balances:

(a) Related party transactions:

Name of related party and relationship	**Nature of transaction**	**Year ended 31 December**	
		2024	**2023**
GOSI (Ultimate controlling party)	Revenues from medical services	**514,809,076**	429,709,709
Drager Arabian Company Limited (Owned by a shareholder and director)	Purchases	**116,457**	56,510

(b) Related party balances

Name of related party	**Relationship**	**Year ended 31 December**	
		2024	**2023**
<u>*Due from a related party*</u>			
GOSI	Ultimate controlling party	**228,122,792**	158,137,580
<u>*Due to a related party*</u>			
Drager Arabian Company Limited	Owned by a shareholder and director	**9,200**	450

ECL allowance against balance due from GOSI is immaterial.

(All amounts in Saudi Riyals unless otherwise stated)

Key management personnel compensation

Key management includes Board of Directors, members of the executive committee, audit committee and the directors of business functions.

	2024	**2023**
Salaries and other short-term employee benefits	**13,595,376**	12,184,434
Attendance allowance and committee's remuneration	**6,288,000**	2,867,000
Employee benefit obligations	**860,938**	534,272
	20,744,314	15,585,706

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

Terms and conditions of transactions with related parties

The transactions with related parties are at mutually agreed terms. Outstanding balances as at 31 December 2024 and 2023 are unsecured, interest free and are to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables during the current or prior year.

28 Audit remuneration

The audit remuneration for the Group for the year 2024 amounted to Saudi Riyals 1.4 million. This comprises of audit services amounting to Saudi Riyals 1.2 million and non-audit assurance services amounting to Saudi Riyals 0.2 million. For the year 2023 the audit remuneration amounted to Saudi Riyals 0.8 million.

29 Financial risk management

29.1 Financial risk factors

The Group's activities expose it to a variety of financial risks including the effects of changes in market risk (including currency risk, fair value and cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the management under policies approved by the Board of Directors.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are primarily in Saudi Riyals. Foreign currency exposure for the Group is not material.

(ii) Fair value and cash flow interest rate risk

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

For long-term borrowings at variable interest rate, if the interest rate were to shift by 1%, there would be a maximum increase or decrease in the interest expense by Saudi Riyals 0.1 million for 2024.

(iii) Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group's financial assets and liabilities are not exposed to price risk.

(b) Credit risk

The risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables including related parties' balances and other current financial assets) and from its financing activities, including balances with banks.

In monitoring customer credit risk, customers are grouped according to their credit characteristics trading history with the Group and existence of previous financial difficulties. As at 31 December, the exposure to credit risks for trade receivables by types of customers was as follows:

	2024	**2023**
Government entities*	**455,892,043**	433,350,993
Insurance companies	**156,046,583**	88,610,301
Corporates and individuals	**95,519,300**	64,097,738
	707,457,926	586,059,032

* *The balance due from government entities as at 31 December 2024, include Saudi Riyals 228.1 million receivable from GOSI, a related party and ultimate party (2023: Saudi Riyals 158. 1 million). Also see note 27.*

Receivables credit risk is managed subject to the Group's established policy, procedures and control defined to mitigate the credit risk. Receivables of the Group comprise primarily of insurance companies, government related entities and corporate customers. The Group seeks to manage its credit risk by setting credit limits, credit period by monitoring outstanding receivables and ensuring close follow-ups. The management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment terms and conditions are offered. The credit terms are extended to customers where the Group does not expect any inability to pay.

Simplified approach for estimating ECL:

The Group establishes ECL allowance that represents its estimate of potential losses in respect of trade and other receivables. The main components of this loss are a specific loss component that relates to individual exposures and a collective loss component established for similar assets in respect of any potential losses that may have been incurred but not yet identified. The collective loss allowance is determined based on historical data of recovery statistics for similar financial assets.

The Group has established credit policies and procedures that are considered appropriate and commensurate with the nature and size of receivables.

(All amounts in Saudi Riyals unless otherwise stated)

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. At 31 December 2024, 32% of accounts receivable were due from the GOSI (2023: 27% of accounts receivables). Management believes that this concentration of credit risk is mitigated considering the nature of relationship of GOSI with the Group. Further, GOSI has established track record of regular and timely payments. ECL allowance against such receivable balance is immaterial.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk.

While amounts due from related parties and balances with banks are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The management has developed policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the Group maintains sufficient liquidity. Senior management continuously reviews information on the Group's liquidity developments.

The Group has established a robust mechanism for its cash management ensuring the best use of available cash resources. This requires organizing the collection and disbursement systems in such a way as to maximize the investment of idle funds through time deposits and short-term deposits while limiting the borrowings of funds and ensuring availability of the facilities to run its operations.

The Group's terms of sales and services generally require amounts to be paid within 90 days of the date of submitting the invoice. Trade payables are normally settled within 60 to 120 days of the date of purchase.

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining contractual maturity period at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances, as the impact of discounting is not significant.

	Less than one year	**1 to 5 Years**	**Over 5 years**	**Total**
2024				
Borrowings	**57,809,667**	**182,758,261**	**61,559,583**	**302,127,511**
Lease liabilities	**31,764,304**	**130,595,237**	**121,313,310**	**283,672,851**
Trade and other payables	**232,733,578**	**-**	**-**	**232,733,578**
	322,307,549	**313,353,498**	**182,872,893**	**818,533,940**

	Less than one year	**1 to 5 Years**	**Over 5 years**	**Total**
2023				
Borrowings	**7,767,473**	**202,541,288**	**59,455,566**	**269,764,327**
Lease liabilities	**10,844,417**	**45,537,606**	**28,464,389**	**84,846,412**
Trade and other payables	**218,043,175**	**-**	**-**	**218,043,175**
	236,655,065	**248,078,894**	**87,919,955**	**572,653,914**

The financial assets and non-financial assets and liabilities are expected to be released/settled within twelve months, unless otherwise specified.

(All amounts in Saudi Riyals unless otherwise stated)

29.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders. The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximize shareholder value.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position, less cash, and cash equivalents and term deposits. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	2024	**2023**
Long-term borrowings	**302,127,511**	269,764,327
Lease liabilities	**185,603,146**	60,483,117
Less: term deposits	**(302,924,306)**	(385,000,000)
Less: cash and cash equivalents	**(263,825,475)**	(308,669,934)
Net debt	**(79,019,124)**	(363,422,490)
Total equity	**1,629,505,100**	1,453,436,058
Total capital	**1,550,485,976**	1,090,013,568
Gearing ratio	**-5.10%**	-33.34%

29.3 Net debt reconciliation

The net debt of the Group is as follows:

	2024	**2023**
Cash and cash equivalents	**(263,825,475)**	(308,669,934)
Term deposits	**(302,924,306)**	(385,000,000)
Lease liabilities	**185,603,146**	60,483,117
Long-term borrowings	**302,127,511**	269,764,327
Net debt	**(79,019,124)**	(363,422,490)

29.4 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

As at 31 December 2024 and 2023, the face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate to their fair values.

(All amounts in Saudi Riyals unless otherwise stated)

30 Financial instruments

(a) Categories of financial instruments

The Group's financial instruments were classified into the following measurement categories:

	At amortised cost	
	2024	**2023**
Assets as per consolidated statement of financial position		
Trade and other receivables	**583,208,072**	517,062,057
Term deposits	**302,924,306**	385,000,000
Cash and cash equivalents	**263,825,475**	308,669,934
Total	**1,149,957,853**	1,210,731,991

	At amortised cost	
	2024	**2023**
Liabilities as per consolidated statement of financial position		
Trade and other payables	**232,733,578**	218,043,175
Long-term borrowings	**302,127,511**	269,764,327
Lease liabilities	**185,603,146**	60,483,117
Total	**720,464,235**	548,290,619

At 31 December 2024, for the purpose of the financial instruments' disclosure, non-financial assets and non-financial liabilities amounting to Saudi Riyals 21.8 million and Saudi Riyals 14.9 million, respectively (2023: Saudi Riyals 14.6 million and Saudi Riyals 10.1 million, respectively) have been excluded from trade and other receivables and trade and other payables, respectively.

(b) Credit quality of financial assets

As per the credit policy of the Group, customers are extended a credit period of up to 90 days in the normal course of business. The credit quality of financial assets is determined by the customers' history of meeting commitments, market intelligence related information and management's trade experience. External ratings generally are not available in the environment in which the Group operates.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

Trade receivable - Counterparties without external credit rating

	2024	**2023**
Not due	**366,564,549**	269,011,185
Due above 90 days	**340,893,377**	317,047,847
Total	**707,457,926**	586,059,032

Cash at bank

The Group generally deals with banks that have a minimum rating of P-2. The stated rating is as per the global bank ratings by Moody's Investors Service. Management does not expect any losses from non-performance by these counterparties.

31 Basic and diluted earnings per share

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

(All amounts in Saudi Riyals unless otherwise stated)

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

	Year ended 31 December	
	2024	**2023**
Profit attributable to the shareholders of the Company	**298,163,666**	**240,927,386**
Weighted average number of ordinary shares	**44,850,000**	44,850,000
Weighted average number of treasury shares purchased	**(82,667)**	-
	44,767,333	44,850,000
Basic and diluted earnings per share	**6.66**	**5.37**

32 Dividends

On 14 Dhu al-Qidah 1445 H (22 May 2024), the shareholders of the Company in their General Assembly Meeting approved dividends of Saudi Riyals 89.70 million (Saudi Riyal 2.00 per share) for the year ended 31 December 2023 which was paid during 2024 (2023: Saudi Riyals 44.85 million approved and paid).

33 Contingencies and commitments

(i) At 31 December 2024, the Group was contingently liable for bank guarantees issued in the normal course of business amounting to Saudi Riyals 61.8 million (2023: Saudi Riyals 53.1 million).

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

(iii) The capital expenditure contracted by the Group as at 31 December 2024 was approximately Saudi Riyals 61.1 million (2023: Saudi Riyals 48.6 million).

34 Reversal of charge against legal claims

During 2024, the Group reversed liabilities amounting to Saudi Riyals 42.3 million, which were previously recorded in connection with certain legal claims. This reversal was made as these liabilities were deemed no longer required based on assessments made by the management supported by an independent legal opinion.

35 Subsequent events

No events have occurred up to and including the date of the approval of the consolidated financial statements by the Board of Directors of the Group which could materially affect the consolidated financial statements and the related disclosures for the year ended 31 December 2024.